CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

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INTERSTATE COMMERCE COMMISSION

MAURICE T. MOORE
BRUCE BROMLEY
ROSWELL L. GILPATRIC
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER
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LONDON, SWIW OAU, ENGLAND
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CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON S.W.1

July 25, 1977

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of First Security State Bank for filing and recordation six copies of the following document:

Equipment Trust Agreement dated as of July 15, 1977, between First Security Bank of Utah, National Association, and First Security State Bank.

The names and addresses of the parties to the aforementioned document are as follows:

(1) Lessee:

First Security State Bank,
Main Street at Broadway,
Salt Lake City, Utah 84111.

(2) Trustee-Lessor:

First Security Bank of Utah,
National Association,
Deseret Building,
79 South Main Street,
Salt Lake City, Utah 84111.

Please file and record the Equipment Trust Agreement submitted with this letter and cross-index said Equipment Trust Agreement under the names of the parties

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Larry D Litterland

thereto and the names of SSI Rail Corp., and Ashley, Drew & Northern Railway Company.

The equipment covered by the Equipment Trust Agreement consists of the following:

Fifty (50) 70-ton, 50'6" Boxcars, AAR Designation XM, bearing Road Numbers ADN 8100-ADN 8149, both inclusive.

There is also enclosed a check for $50 payable to the Interstate Commerce Commission, representing the fee for recording the Equipment Trust Agreement pursuant to 49 CFR 1116.1.

Please stamp all six copies of the enclosed documents and the three attached copies of this transmittal letter with your official recording stamp. You will wish to retain two copies of the document and the original of this transmittal letter for your files. It is requested that the remaining copies of the document and the three copies of this transmittal letter be delivered to the bearer of this letter.

Very truly yours,

William R. Giusti

Office of the Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

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BY HAND

RECORDATION NO. 8905-A Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

EQUIPMENT TRUST

1977

Series 3

Secured by SSI Rail Corp. Lease No. 4

EQUIPMENT TRUST AGREEMENT

between

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
Not in its individual capacity but solely as Trustee

and

FIRST SECURITY STATE BANK,
Not in its individual capacity but solely as Owner-Trustee

Dated as of July 15, 1977

9-1/2% Equipment Trust Certificates,
1977 Series 3, Due April 30, 1992
Secured by SSI Rail Corp. Lease No. 4.

EQUIPMENT TRUST AGREEMENT dated as of July 15, 1977, between FIRST SECURITY BANK OF UTAH, National Association, not in its individual capacity but solely as Trustee (hereinafter called the Trustee) and FIRST SECURITY STATE BANK, a Utah corporation, not in its individual capacity but solely as Owner-Trustee (hereinafter called the Owner-Trustee), under a Trust Agreement with Viking Yacht Company.

WHEREAS 9-1/2% Equipment Trust Certificates, 1977 Series 3, Secured by SSI Rail Corp. Lease No. 4, are to be issued and sold from time to time in an aggregate principal amount not exceeding $1,422,063 and the proceeds of such sale are to be deposited in trust with the Trustee and are to constitute a fund to be known as EQUIPMENT TRUST, 1977 SERIES 3, Secured by SSI Rail Corp. Lease No. 4, to be applied by the Trustee in payment of a portion of the cost of the Trust Equipment (as hereinafter defined), the remainder of the cost thereof to be paid by the Owner-Trustee as provided herein;

WHEREAS a security interest in the Trust Equipment is to be vested in and is to be retained by the Trustee as security for the obligations of the Owner-Trustee hereunder until such obligations are performed;

WHEREAS the Owner-Trustee is entering into the Lease (as hereinafter defined) with SSI Rail Corp. pursuant to which the Owner-Trustee will lease the Trust Equipment to SSI Rail Corp.;

WHEREAS ITEL Corporation is executing a Guaranty Agreement (as hereinafter defined), as an inducement to the Owner-Trustee to enter into the Lease;

WHEREAS the Lease and the Guaranty Agreement (insofar as the Guaranty Agreement provides a guaranty of the performance and observance of the obligations and covenants of SSI Rail Corp. under the Lease) are being assigned by the Owner-Trustee to the Trustee as security for the obligations of the Owner-Trustee hereunder pursuant to the Lease Assignment (as hereinafter defined);

WHEREAS the text of the Trust Certificates (as hereinafter defined) is to be substantially in the form annexed hereto as Schedule B; and

WHEREAS it is desired to secure to the holders of the Trust Certificates the payment of the principal thereof, as hereinafter provided, with interest thereon, as hereinafter provided, each payable as herein and therein provided, and to evidence the rights of the holders of the Trust Certificates in substantially the form annexed hereto as Schedule B;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto hereby agree as follows:

ARTICLE ONE

Definitions

SECTION 1.01. Definitions. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the respective meanings hereinafter specified:

Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, such corporation. For the purposes of this definition, control (including controlled by and under control with), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

The term Business Day shall mean any calendar day, excluding Saturday, Sunday and legal holidays or days on which banking institutions are authorized by law to be closed in San Francisco, California, or Salt Lake City, Utah.

Casualty Occurrence shall mean any occurrence specified in Section 4.07 hereof to be a Casualty Occurrence.

Closing Date shall mean a Closing Date as defined in the Purchase Order Assignment.

Consent shall mean the Consent and Agreement dated as of the date hereof, executed by SSI and ITEL, substantially in the form attached to the Lease Assignment.

Corporate Trust Office shall mean the principal office of the Trustee in the State of Utah, city of Salt Lake City, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Department, Corporate Trust Division.

Cost, when used with respect to a unit of Equipment, shall mean the Purchase Price of such unit, as set forth in the invoice of the Manufacturer.

Covenant Agreement shall mean the Covenant Agreement dated as of March 15, 1977, executed by SSI and ITEL, in the form attached to the Participation Agreement as Exhibit D.

Deposited Cash shall mean the aggregate of (a) the proceeds from the sale of the Trust Certificates and any Substitute Trust Certificates deposited with the Trustee pursuant to Section 2.01 hereof and, when required or indicated by the context, any Investments purchased by the use of such proceeds pursuant to the provisions of Section 8.04, and (b) any sums restored to Deposited Cash from rentals pursuant to Section 4.04 and on deposit with the Trustee.

Equipment shall mean standard-gauge, general purpose box cars.

Event of Default shall mean any event specified in Section 5.01 to be an Event of Default.

The Fair Value of any unit of Trust Equipment on any date shall be deemed to be the greater of (y) the actual value of such unit or (z) an amount computed by multiplying the unpaid principal amount of the Trust Certificates outstanding on such date (after

giving effect to any payment in respect thereof due on such date pursuant to Section 4.04 hereof) by a fraction of which the numerator shall be the Cost of such unit and the denominator shall be the Cost of all units (including such unit) subject to the trust on such date.

Guaranty Agreement shall mean the Guaranty Agreement dated as of the date hereof, executed by ITEL, substantially in the form attached to the Lease as Schedule D.

The word holder or holders, when used with respect to Trust Certificates, shall include the plural as well as the singular number and shall mean the person in whose name such Trust Certificate is registered.

ITEL shall mean Itel Corporation and any successor or successors to it complying with the provisions of Section 4.02 of the Covenant Agreement.

Investments shall mean (i) certificates of deposit of commercial banks incorporated under the laws of the United States of America or any state thereof having a capital and surplus aggregating not less than $50,000,000, (ii) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States are pledged to provide for the payment of the interest and principal, in each case maturing within one year after the date of investment therein, or (iii) any repurchase agreements in respect of (i) and (ii).

Lease shall mean the Lease of Railroad Equipment dated as of the date hereof, between the Owner-Trustee and SSI, substantially in the form of Annex I hereto, as the same may be supplemented or amended as contemplated hereby or thereby.

Lease Assignment shall mean the Assignment of Lease and Agreement dated as of the date hereof, between the Owner-Trustee and the Trustee, substantially in the form of Annex II hereto.

Manufacturer shall mean ACF Industries, Incorporated.

Maximum Purchase Price shall mean the amount set forth in Item 2 of Schedule A to the Purchase Order Assignment.

Officer's Certificate shall mean a certificate signed by the President or a Vice President or an authorized officer of SSI, ITEL, the Manufacturer or the Owner-Trustee, as the case may be.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel satisfactory to the Trustee and who may be counsel for SSI or the Owner-Trustee. The acceptance by the Trustee of, together with its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to the Trustee.

Owner shall mean Viking Yacht Company and any successor or successors to it complying with the provisions of Section 6.01 of the Trust Agreement.

Participation Agreement shall mean the Participation Agreement dated as of the date hereof, among SSI, ITEL, the Owner, the Owner-Trustee and the Purchasers.

Purchase Order Assignment shall mean the Purchase Order Assignment dated as of the date hereof, among SSI, the Owner-Trustee and the Manufacturer, substantially in the form attached to the Participation Agreement as Exhibit B.

Purchasers shall mean the purchasers named in Exhibit A to the Participation Agreement.

The Purchase Price of a unit of Equipment shall mean the Purchase Price thereof as defined in the Purchase Order Assignment.

Request shall mean a written request for the action therein specified, delivered to the Trustee, dated not more than ten days prior to the date of delivery thereof to the Trustee and signed on behalf of SSI or the Owner-Trustee by the President or a Vice President of SSI, or an authorized officer of the Owner-Trustee, as the case may be.

Second Closing Date shall mean the Second Closing Date as defined in the Purchase Order Assignment.

Sublease shall mean a Lease Agreement in substantially the form of Schedule E to the Lease to the extent that such Lease Agreement covers Trust Equipment.

Sublease Assignment shall mean collectively a Sublease Assignment and Agreement, between SSI and the Owner-Trustee, and a Reassignment of Sublease, between the Owner-Trustee and the Trustee, substantially in the forms, respectively, of Schedule F of the Lease and Annex A to the instrument set out in said Schedule F.

Substitute Trust Certificates shall include the singular as well as the plural number and shall mean any equipment trust certificates issued pursuant to the last paragraph of Section 2.01.

SSI shall mean SSI Rail Corp. and any successor or successors to it complying with the provisions of Section 3.09 of the Covenant Agreement.

Trust Agreement shall mean the Trust Agreement dated as of the date hereof, between the Owner-Trustee and the Owner.

Trust Certificates shall include the singular as well as the plural number and shall mean 9-1/2% Equipment Trust Certificates, 1977 Series 3, Due April 30, 1992, Secured by SSI Rail Corp. Lease No. 4, issued hereunder.

Trust Equipment shall mean all Equipment at any time subject to the terms of this Agreement.

Trustee shall mean First Security Bank of Utah, National Association, and, subject to the provisions of Article Eight, any successor as trustee hereunder.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph or subdivision hereof; and all references to numbered Articles, Sections, paragraphs and subdivisions, unless the context otherwise requires or unless the references thereto specify another agreement, refer to such Articles, Sections, paragraphs and subdivisions of this Agreement.

ARTICLE TWO

Trust Certificates and Issuance Thereof

SECTION 2.01. Issuance of Trust Certificates. Without waiting for the recording or filing of this Agreement or of any other instrument respecting the Trust Equipment, the Trustee shall from time to time issue and deliver Trust Certificates in such aggregate principal amounts as the Owner-Trustee shall direct by Request, upon the deposit with the Trustee of an amount in cash equal to such aggregate principal amount of Trust Certificates to be issued and delivered.

Subject to the provisions of Section 2.05 of this Agreement, the aggregate principal amount of Trust Certificates which shall be executed and delivered by the Trustee under this Section shall not exceed the sum of $1,422,063, and the aggregate principal amount represented by all the Trust Certificates shall be payable as hereinafter set forth.

If the conditions specified in the proviso to the first sentence of Paragraph 4 of the Purchase Order Assignment shall occur, the Trustee shall, upon receipt of a Request of the Owner-Trustee, and against receipt of funds equal to the full principal amount thereof, issue and sell to any person or persons designated in such Request Substitute Trust Certificates. Substitute Trust Certificates shall be in substantially the form of the Trust Certificates; provided, however, that the interest rates specified therein may be higher, equal to or lower than the interest rates specified in the Trust Certificates (and if such interest rates are higher or lower an appropriate supplement hereto shall be entered into by the Trustee and the Owner-Trustee reflecting the same). Substitute Trust Certificates shall represent an interest in the principal amount thereof in the trust herein created, and the holder or holders thereof shall be deemed to be holders of Trust Certificates and shall in all respects have the same rights as the holders of the Trust Certificates.

SECTION 2.02. Interests Represented by Trust Certificates; Interest; Maturity. Each of the Trust Certificates shall represent an interest in the amount therein specified in the trust created hereunder.

The Trust Certificates shall be payable as follows: interest only shall be payable on October 31, 1977;

thereafter, principal and interest payments shall be made in 58 consecutive quarterly instalments on January 31, April 30, July 31, and October 31 in each year commencing January 31, 1978, calculated so that the amount of principal and interest payable on each such date shall be substantially in proportion to the amount of principal and interest set forth in respect of such date in Schedule C hereto and such instalments of principal shall completely amortize the principal amount of the Trust Certificates. The Trustee shall furnish to each holder of Trust Certificates at the time of issuance thereof a schedule showing the payments of principal and interest to be made thereon.

Interest on the Trust Certificates shall be calculated on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on the Trust Certificates shall be payable at the Corporate Trust Office in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to the Owner-Trustee) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for notation thereon of the instalments of principal amount represented thereby theretofore paid in whole or in part, the Trustee will mail its check on the date each such payment is due to such registered holder at his address shown on the registry books maintained by the Trustee; provided, however, that this paragraph shall not apply to a Purchaser of Trust Certificates if, at the time payments of principal or interest are to be made, such Purchaser is a holder of Trust Certificates, and the Trustee may make payments of principal and interest to the Purchasers of Trust Certificates or to any other purchaser approved by the Owner-Trustee by check or wire transfer of immediately available funds (to the extent such funds are available to the Trustee under the Lease) at their "home office" address which address shall be

supplied to the Trustee by the Purchasers or other purchasers. Each payment of principal and interest made by check or wire transfer at the "home office" address of a holder of Trust Certificates shall be identified as: "Payment of principal of [and/or interest on] 9-1/2% Equipment Trust Certificates, 1977 Series 3, Secured by SSI Rail Corp. Lease."

SECTION 2.03. Forms of Trust Certificates. The Trust Certificates shall be in substantially the form annexed hereto as Schedule B.

SECTION 2.04. Execution by Trustee. The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of an Authorized Officer of the Trustee and its seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of one of its Authorized Officers. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before the Trust Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Trust Certificates, such Trust Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

SECTION 2.05. Characteristics of Trust Certificates. (a) The Trust Certificates shall be registered, as to both principal and interest, in the name of the holders; shall be transferable in whole or in part and exchangeable for Trust Certificates of other denominations of equal aggregate outstanding principal amount upon presentation and surrender thereof for registration of transfer or exchange at the Corporate Trust Office, accompanied, in the case of transfer, by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by its duly authorized attorney in fact, in form satisfactory to the Trustee; shall, in connection with the initial issuance of Trust Certificates, be dated as of the date of issue and shall, in connection with Trust Certificates issued in exchange for or upon registration of transfer of another Trust Certificate or Certificates, be dated as of the date to which interest has been paid or shall, if no interest has been paid thereon, be dated as of the date of initial issuance; and shall entitle the registered holder to interest from the date thereof.

(b) Anything contained herein to the contrary notwithstanding, prior to due presentment for registration of transfer the parties hereto may deem and treat the registered holder of any Trust Certificate as the absolute owner of such Trust Certificate for all purposes and shall not be affected by any notice to the contrary.

(c) The Trustee shall cause to be kept at the Corporate Trust Office books for the registration and registration of transfer of the Trust Certificates and, upon presentation of the Trust Certificates for such purposes, the Trustee shall register any transfer as hereinabove provided, and under such reasonable regulations as it may prescribe.

(d) For any registration, registration of transfer or exchange, the Trustee shall require payment by the person requesting same of a sum sufficient to reimburse it for any governmental charge connected therewith.

(e) Each Trust Certificate delivered pursuant to any provision of this Agreement in exchange for, or upon the registration of transfer of the whole or any part, as the case may be, of one or more other Trust Certificates shall carry all the rights to principal and to interest accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be, of such one or more other Trust Certificates, and, notwithstanding anything contained in this Agreement, such Trust Certificate shall be so dated that neither gain nor loss in interest or principal shall result from such exchange, substitution or registration of transfer.

(f) The Trustee shall not be required to issue, transfer or exchange Trust Certificates for a period of ten days next preceding any interest payment date.

(g) The Trustee shall not be required to transfer or exchange Trust Certificates if such transfer or exchange would be in violation of the Securities Act of 1933, as amended.

SECTION 2.06. Replacement of Lost Trust Certificates. In case any Trust Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date, and bearing such identifying number or designation

as the Trustee may determine, in exchange and substitution for, and upon cancelation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. The applicant for a new Trust Certificate pursuant to this Section shall furnish to the Trustee evidence to its satisfaction of the loss, destruction or theft of such Trust Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Trust Certificate, and also shall furnish such security or indemnity as may be required by the Trustee in its discretion (it being understood that a letter of indemnity from the Purchaser of such Trust Certificate shall be deemed acceptable by the Trustee). All Trust Certificates are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutiliated, defaced, lost, destroyed or stolen Trust Certificates and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

ARTICLE THREE

Acquisition of Trust Equipment by Trustee; Deposited Cash

SECTION 3.01. Acquisition of Equipment by Trustee. The Owner-Trustee shall cause to be transferred to the Trustee, as trustee for the holders of the Trust Certificates, the Equipment described in Schedule A hereto, all of which will be new Equipment newly constructed. The Owner-Trustee hereby designates SSI to accept such Equipment and such other Equipment as is described in the next succeeding paragraph of this Section 3.01 on behalf of the Owner-Trustee.

In the event that it may be deemed necessary or desirable to include in the trust hereby created, other Equipment in lieu of any units of the Equipment specifically described in Schedule A hereto prior to the acceptance of such Equipment by or on behalf of the Trustee, or in the event that any unit of the Equipment described in Schedule A hereto shall suffer a Casualty Occurrence before being accepted by or on behalf of the Trustee pursuant to this Section and Section 3.04, the Owner-Trustee may cause to be transferred to the Trustee such other new Equipment to be substituted under the trust, in each case subject to compliance with the provisions of Section 3.04.

Each unit of Equipment shall be settled for hereunder on the Closing Date or the Second Closing Date on which such unit of Equipment shall be settled for under the Purchase Order Assignment.

Any unit of Equipment not delivered at the time the Manufacturer is required by the second proviso to the first sentence or by the second sentence of Paragraph 2 of the Purchase Order Assignment to cease deliveries of Assigned Equipment (as defined in the Purchase Order Assignment) thereunder shall be excluded from this Agreement and not included in the term Trust Equipment. All other units of the Assigned Equipment delivered in accordance with the Purchase Order Assignment shall be included in this Agreement and in the term Trust Equipment. If, prior to the settlement for all of the units of the Equipment pursuant to this Article Three, the Trustee or the Owner-Trustee shall have actual knowledge of any of the events specified in clauses (i) through (iv) in the second proviso to the first sentence of Paragraph 2 of the Purchase Order Assignment, the Trustee or the Owner-Trustee shall forthwith give written notice thereof to the Manufacturer and each party to the Participation Agreement. Neither the Trustee nor the Owner-Trustee shall be deemed to have such actual knowledge unless it receives written notice thereof from any party to the Participation Agreement unless brought to the actual attention of any responsible officer of the Trustee or the Owner-Trustee, respectively. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Trustee or the Owner-Trustee in this Agreement contained, any authorized officer of the Trustee or the Owner-Trustee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Agreement with respect thereto.

In the event of any such exclusion the Owner-Trustee and the Trustee shall execute an agreement supplemental hereto limiting this Agreement to the Trust Equipment not excluded from this Agreement and the Owner-Trustee and the Trustee shall execute for recordation in public offices an instrument or instruments in writing in order to make clear upon public records such exclusion.

If (a) any units of Equipment shall be settled for on the Second Closing Date and (b) the Cost of such units

shall be paid entirely out of funds other than funds obtained by the sale of Trust Certificates or Substitute Trust Certificates, then the units so settled for shall be excluded hereunder and shall not be deemed to be Equipment subject to this Agreement and the security interest of the Trustee created hereby, and the Owner-Trustee and the Trustee shall execute for recordation in public offices an instrument or instruments in writing in order to make clear upon public records such exclusion.

In the event that on October 31, 1977, any Deposited Cash shall remain in the possession of the Trustee, the Trustee shall apply any such Deposited Cash to the prepayment of Trust Certificates on October 31, 1977, as provided in Article Four hereof.

SECTION 3.02. Payment of Deposited Cash. On each Closing Date and/or the Second Closing Date, the Trustee shall (subject to the provisions of Sections 3.03 and 3.04 hereof) pay, upon Request of the Owner-Trustee, to the Manufacturer out of Deposited Cash then held by the Trustee an amount specified in such Request not exceeding ~~74.5616%~~ 79.05% of the aggregate Cost of the Equipment for which settlement is then being made, as such Cost is specified in the Officer's Certificate furnished to the Trustee pursuant to Section 3.04(a); provided, however, that the Trustee shall not pay out any Deposited Cash unless and until the provisions of Paragraph 8 of the Participation Agreement have been satisfied and the Owner-Trustee makes the payment referred to in Section 3.03 hereof.

SECTION 3.03. Payment of Deficiency. The Owner-Trustee covenants and agrees for the benefit of the Trustee and the Manufacturer as third party beneficiary, that, contemporaneously with any payment by the Trustee pursuant to Section 3.02, it will pay to the Trustee for the account of the Manufacturer, that portion of the Cost of such Equipment not paid out of Deposited Cash as provided for in Section 3.02 hereof, not exceeding the amount set forth below; provided, however, that the Owner-Trustee shall not make such payment unless and until the provisions of Paragraph 9 of the Participation Agreement have been satisfied and the total Cost of all such Equipment settled for under this Agreement shall not exceed the Maximum Purchase Price. If on any Closing Date or the Second Closing Date the aggre-

gate Cost of Equipment for which settlement has theretofore been and is then to be made under this Agreement would, but for the provisions of this Section 3.03, exceed the Maximum Purchase Price, the parties hereto shall enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Owner-Trustee, as will, after giving effect to such exclusion, reduce such aggregate Cost to not more than the Maximum Purchase Price. The intention of this Section is that the Owner-Trustee shall ultimately pay or absorb not less than 20.95% of the aggregate Cost of all the Equipment accepted by the Trustee as Trust Equipment pursuant to this Article Three, and the Trustee shall at any time, if occasion arises, adjust its accounts and payments to the end that the Trustee shall pay with Deposited Cash not more than 79.05% of such aggregate Cost and the Owner-Trustee shall pay or absorb the remainder, to be not less than 20.95% of such Cost.

SECTION 3.04. Supporting Papers. The Trustee shall not pay out any Deposited Cash for the purchase of any unit of Equipment unless and until it shall have received:

(a) an Officer's Certificate of SSI, which shall state (i) that such unit of Equipment is Equipment as herein defined, has been marked in accordance with Section 4.06 hereof and was not put into service prior to a date specified therein, (ii) that the Cost of such unit of Equipment is an amount therein specified or is not less than an amount therein specified and (iii) such unit of Equipment is subject to the Lease;

(b) an executed counterpart of a Sublease and of a Sublease Assignment covering each unit of Equipment to be settled for;

(c) an Opinion of Counsel to the effect that (i) the Subleases and the Sublease Assignments referred to in subparagraph (b) above, have been duly authorized, executed and delivered by SSI and the Owner-Trustee, as the case may be, and constitute legal, valid and binding obligations (said counsel being permitted to assume the due authorization, execution and delivery of such Subleases by the sublessees thereunder), subject, as to the enforcement of remedies, to any applicable bankruptcy, reorganization, insolvency, moratorium or other

laws affecting the enforcement of creditors' rights generally from time to time in effect, (ii) the Trustee is vested with a valid first and prior perfected security interest in and to SSI's interest in each such Sublease and all rents, moneys and proceeds due or to become due thereunder and with a first and prior perfected security interest in each such unit of Trust Equipment, (iii) such Subleases and such Sublease Assignments have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and (iv) no other filings or recordations are necessary for the protection of the rights of the Trustee in and to such unit of Equipment or such Subleases or this Agreement in any state of the United States of America or the District of Columbia; and

(d) the documents required by Paragraph 5 of the Purchase Order Assignment.

Any Officer's Certificate delivered pursuant to this Section may state that the Cost of the Equipment therein referred to is tentatively determined, subject to final adjustment to be evidenced in a final Officer's Certificate to be delivered to the Trustee.

SECTION 3.05. Absence of Title Encumbrances. The Owner-Trustee hereby represents and warrants to the Trustee that upon delivery of each unit of Equipment and payment therefor as provided in this Article 3 such unit of Equipment shall then be free from all claims, liens, security interests and other encumbrances of any nature arising from or through the Owner or the Owner-Trustee except as created by this Agreement and except for the rights of SSI under the Lease and the rights of the sublessee under the Sublease covering such unit of Equipment.

ARTICLE FOUR

Lease of Trust Equipment to the Owner-Trustee

SECTION 4.01. Lease of Trust Equipment. The Trustee does hereby let and lease all the Trust Equipment to the Owner-Trustee, for a period ending April 30, 1992.

SECTION 4.02. Equipment Automatically Subjected. As and when any Equipment shall from time to time be accepted

hereunder by the Trustee or its agent or agents, the same shall, ipso facto and without further instrument of lease or transfer, become subject to all the terms and provisions hereof.

SECTION 4.03. Additional and Substituted Equipment Subject Hereto. In the event that the Owner-Trustee shall, as provided in Section 3.01, elect to cause to be sold to the Trustee other Equipment in addition to or in substitution for any of the Equipment herein specifically described or subjected hereto, such other Equipment shall be included as part of the Trust Equipment by supplement hereto to be executed by the Trustee and the Owner-Trustee and to be recorded with the Interstate Commerce Commission pursuant to the requirements of Section 20c of the Interstate Commerce Act. Such Equipment shall be subject to all the terms and conditions hereof in all respects as though it had originally been part of the Equipment herein specifically described.

SECTION 4.04. Rental Payments. The Owner-Trustee hereby accepts the lease of all the Trust Equipment; and the Owner-Trustee hereby covenants and agrees to pay to the Trustee at the Corporate Trust Office (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, rental hereunder which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable (whether or not any of such items shall become due and payable prior to the acceptance of and lease to the Owner-Trustee of any unit of the Trust Equipment):

(A) (1) the expenses of the trust hereby created, including but not limited to compensation and expenses provided for herein, and (2) an amount equal to any expenses incurred or loss of principal (including interest accrued thereon at the time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments;

(B) any and all taxes, assessments and governmental charges upon or on account of the income or property of the trust, or upon or on account of this Agreement, which the Trustee as such may be required to pay;

(C) the amounts of the interest payable on the Trust Certificates, when and as the same shall become payable, and interest at the rate of 10-1/2% per annum

from the due date, upon the amount of any instalments of rental payable under this and the following sub-paragraph which shall not be paid when due, to the extent legally enforceable; and

(D) the instalments of principal of all the Trust Certificates (except as such sum may be reduced due to prepayments made pursuant to the terms hereof), when and as the same shall become payable, whether upon the date of maturity thereof or by declaration or otherwise.

Nothing contained herein or in the Trust Certificates shall be deemed to impose on the Trustee or on the Owner-Trustee (except as provided in Section 4.04(B)) any obligation to pay to the registered holder of any Trust Certificate any tax, assessment or governmental charge required by any present or future law of the United States of America, or of any state, county, municipality or other taxing authority thereof, to be paid in behalf of, or withheld from the amount payable to, the holder of any Trust Certificate.

The Owner-Trustee shall not be required to pay any tax, assessment or governmental charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, provided that, in the judgment of the Trustee and as set forth in an Opinion of Counsel which shall have been furnished to the Trustee, the rights or interests of the Trustee or of the holders of the Trust Certificates may not be materially endangered thereby.

Notwithstanding any other provisions of this Agreement, including, without limitation, Articles Five and Six hereof, it is understood and agreed by the Trustee on behalf of itself and the holders of the Trust Certificates that the liability of the Owner-Trustee for all payments to be made by it under and pursuant to this Agreement and for all performance obligations (other than the payments called for by Sections 3.03 and 4.04(A)(2) and as provided in the proviso to the last paragraph of Section 6.01), shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Trust Equipment. As used herein the term "income and proceeds from the Trust Equipment" shall mean (i) if an Event of Default shall have occurred and while it shall be continuing so much of the following amounts as are indefeasibly received by the Owner-Trustee (or any assignee of the Owner-Trustee) at any time after such Event of Default and during the continuance thereof: (a) all amounts of rental and amounts in respect

of Casualty Occurrences paid for or with respect to such Trust Equipment pursuant to the Lease and (b) any and all other payments or proceeds received pursuant to the Lease (except sums which by the express terms of the Lease are payable directly to the Owner or the Owner-Trustee pursuant to § 6 and § 9 of the Lease) or pursuant to any Sublease or other sublease covering units of Trust Equipment, or for or with respect to such Trust Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Owner-Trustee pursuant to the Lease as are indefeasibly received by the Owner-Trustee or any assignee of the Owner-Trustee and as shall equal the rental payments specified in the first paragraph of this Section 4.04 due and payable by the Owner-Trustee on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences) then due and payable under this Agreement; it being understood that "income and proceeds from the Trust Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Owner-Trustee or any assignee of the Owner-Trustee prior to the existence of such an Event of Default which exceeded the amounts required to make the rental payments specified in the first paragraph of this Section 4.04 due and payable by the Owner-Trustee on the date on which amounts with respect thereto received by the Owner-Trustee or any assignee of the Owner-Trustee were required to be paid pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. The Trustee agrees that if it obtains a judgment against the Owner-Trustee for an amount in excess of the amounts payable by the Owner-Trustee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount and it will not bring suit against the Owner-Trustee for any sums in addition to the amounts payable by the Owner-Trustee pursuant to said limitations (or obtain a judgment, order or decree against the Owner-Trustee for any relief other than the payment of money) except as may be required by applicable rules of procedure to enforce its security interest in the Trust Equipment, or its rights and interests under the Lease, the Guaranty Agreement, any Subleases or any other sublease covering units of Trust Equipment (rather than against the

Owner-Trustee personally), by appropriate proceedings against the Owner-Trustee at law or in equity or otherwise, the obligation to make the payments to be made pursuant thereto in order for the Trustee to receive payment and performance of all obligations due to the Trustee under this Agreement. Nothing contained herein limiting the liability of the Owner-Trustee shall derogate from the right of the Trustee to proceed against the Trust Equipment or to enforce any security interest it may have in any payments made to the Owner or the Owner-Trustee by SSI or ITEL, as provided for herein or in the Lease, the Lease Assignment or the Consent.

SECTION 4.05. Termination of Trust and Lease. The transfer of the Trust Equipment to the Trustee by the Owner-Trustee and the lease of such units to the Owner-Trustee by the Trustee pursuant to this Agreement are intended solely to create a security interest in such units in order to secure the performance by the Owner-Trustee of its obligations under this Agreement and the payment of all sums payable pursuant to this Agreement (without regard to the provisions of the last paragraph of Section 4.04 hereof or Section 9.06 hereof) and, subject thereto, beneficial ownership of such units of Trust Equipment shall be and remain in the Owner-Trustee. After all payments due or to become due from the Owner-Trustee hereunder shall have been completed and fully made to the Trustee (1) such payments shall be deemed to represent the discharge in full of the Trustee's security interest in the Trust Equipment, (2) any moneys remaining in the hands of the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Trustee, including its reasonable compensation, shall be paid to the Owner-Trustee, and (3) the Trustee shall execute for record in public offices, at the expense of the Owner-Trustee, such instrument or instruments in writing as reasonably shall be requested by the Owner-Trustee in order to discharge of record the security interest of the Trustee in, and to make clear upon public records the Owner-Trustee's full title to, all the Trust Equipment under the laws of any jurisdiction; provided, however, that until that time a security interest in the Trust Equipment shall be and remain in the Trustee, notwithstanding the delivery of the Trust Equipment to and the possession and use thereof by the Owner-Trustee pursuant to the terms of this Agreement.

SECTION 4.06. Marking of Trust Equipment. The Owner-Trustee agrees that it will cause each unit of Trust

Equipment before delivery of each such Unit hereunder to be marked plainly, distinctly, permanently and conspicuously on each side of each unit of the Trust Equipment, in letters not less than one inch in height, the following legend:

"OWNED BY A BANK OR TRUST COMPANY UNDER
A SECURITY AGREEMENT FILED UNDER THE
INTERSTATE COMMERCE ACT, SECTION 20c"

or such other words as shall be approved by the Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, the Owner-Trustee shall cause the same to be restored or replaced. The Owner-Trustee shall not change, or permit to be changed, the numbers of any of the Trust Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Trustee and which shall be filed and recorded in like manner as this Agreement.

The Trust Equipment may be lettered in an appropriate manner for convenience of identification of the leasehold interest of SSI therein, and may also be lettered in the case of any of the Subleases or other subleases covering the Trust Equipment in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but the Owner-Trustee, during the continuance of any lease provided for herein, will not allow the name of any person, firm, association or corporation to be placed on any of the Trust Equipment as a designation which might reasonably be interpreted as a claim of ownership; provided, however, that the Trust Equipment may be lettered with the names or initials or other insignia customarily used by SSI or its Affiliates or any of the sublessees of the Trust Equipment.

The obligations of the Owner-Trustee under this Section 4.06 are subject to the limitations contained in Section 9.06 hereof.

SECTION 4.07. Maintenance of Trust Equipment; Casualty Occurrences. Subject to the limitations set forth in Section 9.06 hereof, the Owner-Trustee agrees that it will maintain or cause to be maintained and keep all the Trust Equipment (including any parts installed on or

replacements made to any Trust Equipment and considered an accession thereto) in good order and proper repair at no cost or expense to the Trustee.

Whenever any unit of the Trust Equipment shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Agreement, or for an indefinite period, but only if such requisition for an indefinite period shall be in effect on the expiration date of this Agreement, or by any other governmental entity resulting in loss of possession for a period of 90 consecutive days or until the end of the term of this Agreement (such occurrences being hereinafter called Casualty Occurrences), the Owner-Trustee shall, promptly after it shall have been informed of such Casualty Occurrence, deliver to the Trustee an Officer's Certificate describing such Trust Equipment and stating the value thereof as of the date such Trust Equipment suffered such Casualty Occurrence. On the January 31, April 30, July 31 or October 31 next succeeding the delivery of such Officer's Certificate, the Owner-Trustee shall pay to the Trustee an amount equal to the value of such unit as of the date of such payment. The rights and remedies of the Trustee to enforce or to recover any of the rental payments to which the Trustee is otherwise entitled hereunder shall not be affected by reason of such Casualty Occurrence. For all purposes of this paragraph, the value of any unit of Trust Equipment shall be deemed to be that amount which bears the same ratio to that portion of the original Cost thereof paid by the Trustee pursuant to Section 3.02 as the aggregate unpaid principal amount of the Trust Certificates (without giving effect to any prepayments then or theretofore made pursuant to this Agreement), as of the date payment is made with respect to such Casualty Occurrence, bears to the aggregate principal amount of the Trust Certificates issued pursuant to Section 2.01.

Cash deposited with the Trustee pursuant to this Section shall be applied (after the payment of the interest and principal due on such date) to prepay without premium the principal of the Trust Certificates as hereinafter provided. Such prepayment shall be made on the date on which such deposit was made and shall be allocated by the Trustee to each outstanding Trust Certificate, as near as may be, in the same proportion as the unpaid principal amount thereof

bears to the aggregate unpaid principal amount of all the Trust Certificates and shall be credited pro rata against each instalment of principal due thereon, in proportion to the principal amount represented by each such instalment. Upon any such prepayment, the Trustee shall deliver to the holder of Trust Certificates a certificate showing the revised principal and interest payments to be made thereon.

The Owner-Trustee agrees to furnish or cause to be furnished to the Trustee, on or before April 1 in each year commencing with 1978, an Officer's Certificate (1) setting forth as at the preceding December 31 (or as of the date of this Agreement in the case of the first such Officer's Certificate) the amount, description and numbers of all Trust Equipment then covered by this Agreement, the amount, description and numbers of all Trust Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such Officer's Certificate) (specifying the dates of such Casualty Occurrences) or, to the knowledge of the Owner-Trustee, are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Trust Equipment as the Trustee may reasonably request, (2) stating that, in the case of all Trust Equipment repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 4.06 hereof have been preserved or replaced and (3) identifying the units of Trust Equipment then being subleased by SSI as permitted hereunder (including the name of each sublessee and the term of each sublease) and specifying which units, if any, of Trust Equipment are not then being subleased by SSI. The Trustee, by its agents, shall have the right to inspect, at the expense of the Owner-Trustee, the Trust Equipment and the Owner-Trustee's records with respect thereto at such reasonable times as the Trustee may request during the continuance of this Agreement, and the Owner-Trustee covenants in that event to furnish to the Trustee all reasonable facilities for the making of such inspection.

The obligations of the Owner-Trustee under this Section are subject to the limitations set out in the last paragraph of Section 4.04 hereof and in Section 9.06 hereof.

SECTION 4.08. Possession of Trust Equipment. Except as provided in this Section, the Owner-Trustee will not assign or transfer its rights hereunder, or transfer or lease

the Trust Equipment or any part thereof, without the written consent of the Trustee first had and obtained; and the Owner-Trustee shall not, without such written consent, except as herein permitted, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment.

So long as the Owner-Trustee shall not be in default under this Agreement, the Owner-Trustee shall be entitled to the possession and use of the Trust Equipment, and shall be entitled to permit the use and the subleasing of the Trust Equipment as provided in the Lease, subject to SSI's rights of possession, use and assignment set out in § 12 of the Lease.

SECTION 4.09. Indemnity. Subject to the provisions of Section 9.02 hereof, the Owner-Trustee covenants and agrees to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, legal representatives, agents and servants, and the holders of the Trust Certificates (hereinafter called Indemnified Persons) from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Agreement or the Trust Equipment, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Trust Equipment or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Owner-Trustee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death of any person or any damage to or loss of property on or near the Trust Equipment or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Trust Equipment or of any other equipment in connection with the Trust Equipment (whether owned or under the control of the Owner-Trustee, SSI, the Trustee or any other person) or resulting or

alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Agreement or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Trust Equipment or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Sublease Assignments or the Participation Agreement; or (viii) any claim arising out of the Trustee's holding a security interest under this Agreement, the Lease Assignment or the Sublease Assignments. All payments hereunder shall be made directly to the Indemnified Person and the Owner-Trustee shall be obligated under this Section, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Owner-Trustee under this Section without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Owner-Trustee may and, upon such Indemnified Person's request, will at the Owner-Trustee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Owner-Trustee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Owner-Trustee to do so, the Owner-Trustee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Owner-Trustee is required to make any payment under this Section, the Owner-Trustee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. Upon the payment in full of any indemnities as contained in this Section by the Owner-Trustee, and provided that no

Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Owner-Trustee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Owner-Trustee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Owner-Trustee pursuant to this Section shall be paid over to the Owner-Trustee to the extent necessary to reimburse the Owner-Trustee for indemnification payments previously made in respect of such matter.

The indemnities contained in this Section shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this Section shall be deemed to create any rights of subrogation in any insurer or third party against the Owner-Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Owner-Trustee will bear the responsibility for, and risk of, and shall not be released from its obligations hereunder in the event of any damage to or the loss or destruction of any unit of or all the Trust Equipment.

The obligations of the Owner-Trustee under this Section are subject to the limitations contained in the last paragraph of Section 4.04 hereof and in Section 9.06 hereof.

SECTION 4.10. Compliance with Laws and Rules. During the term of this Agreement, the Owner-Trustee will comply, and will cause every lessee or user of the Trust Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Trust Equipment) with all laws of the jurisdictions in which its or such lessees' or users' operations involving the Trust Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any

power or jurisdiction over the Trust Equipment, to the extent that such laws and rules affect the title, operation or use of the Trust Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any unit of the Trust Equipment, the Owner-Trustee will, or will cause SSI to, conform therewith at no expense to the Trustee; provided, however, that the Owner-Trustee or SSI may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Trustee, adversely affect the property or rights of the Trustee under this Agreement.

The obligations of the Owner-Trustee under this Section are subject to the limitations contained in Section 9.06 hereof.

SECTION 4.11. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Owner-Trustee agrees to pay, and to indemnify and hold the Trustee and the holders of the Trust Certificates harmless from, all taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, the Owner, the Trustee, the holders of the Trust Certificates, SSI, the Trust Estate created by the Trust Agreement, the Manufacturer (except for those taxes which are the responsibility of the Manufacturer pursuant to the Purchase Order Assignment) or otherwise, by any federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any unit of the Trust Equipment or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; or this Agreement, the Lease, the Lease Assignment, the Participation Agreement, the Trust Agreement, the Purchase Order Assignment, the Subleases or any other sublease covering units of Trust Equipment, the Sublease Assignments, the Trust Certificates or the issuance thereof hereunder, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Trust Equipment (all such taxes, assessments, fees, charges, penalties, fines,

additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the holders of Trust Certificates or the Trustee, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its world-wide income without regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed on or measured by any fees or compensation received by the Trustee; (iii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition or any transfer or disposition of any Trust Certificate resulting from bankruptcy or other proceedings for the relief of creditors whether voluntary or involuntary; and (iv) Taxes which are imposed on or measured solely by the net income of the Trustee or the holders of the Trust Certificates if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Owner-Trustee has not agreed to pay or indemnify against pursuant to this Section 4.11; provided, however, that the Owner-Trustee shall not be required to pay any Taxes during the period it or SSI may be contesting the same in the manner provided in the next succeeding paragraph or the Lease, as the case may be.

If claim is made against the Trustee or any holder of the Trust Certificates, for any Taxes indemnified against under this Section 4.11, the Trustee or the holders of the Trust Certificates shall promptly notify the Owner-Trustee. If reasonably requested by the Owner-Trustee in writing, the Trustee or the holders of the Trust Certificates, as the case may be, shall, upon receipt of any indemnity satisfactory to it or them, as the case may be, for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Owner-Trustee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not

paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Owner-Trustee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Trustee or the holders of the Trust Certificates as the case may be; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Trustee or the holders of the Trust Certificates as the case may be, in any such proceeding or action) without the prior written consent of the Trustee. If the Trustee or the holders of the Trust Certificates, as the case may be, shall obtain a refund of all or any part of such Taxes previously reimbursed by the Owner-Trustee in connection with any such contest or an amount representing interest thereon, the Trustee or the holders of the Trust Certificates as the case may be, shall pay the Owner-Trustee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Owner-Trustee under this Section 4.11 or arising out of this Section 4.11, the Owner-Trustee shall either make such report or return in such manner as will show the interest of the Trustee in the Trust Equipment or shall promptly notify the Trustee of such requirement and shall make such report or return in such manner as shall be satisfactory to the Trustee. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Owner-Trustee.

All of the obligations of the Owner-Trustee under this Section 4.11 shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement, but only with respect to periods included in the term of this Agreement.

The obligations of the Owner-Trustee under this Section 4.11 are subject to the limitations contained in the last paragraph of Section 4.04 hereof and in Section 9.06 hereof.

ARTICLE FIVE

Events of Default and Remedies

SECTION 5.01. Events of Default. The Owner-Trustee covenants and agrees that in case:

(a) the Owner-Trustee shall default in the payment of any part of the rental payable hereunder or payment in respect of a Casualty Occurrence under Section 4.07 hereof for more than five days after the same shall have become due and payable, without regard to any limitation of liability contained in Section 4.04 or Section 9.06 hereof; or

(b) the Owner-Trustee, except as herein authorized or contemplated, shall suffer or make any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancelation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the Fair Value, as of the date of such unauthorized action, of such Trust Equipment (any sum so deposited to be returned to the Owner-Trustee upon the cancelation of such assignment, transfer or lease and the recovery of possession by the Owner-Trustee of such Trust Equipment); or

(c) the Owner-Trustee shall, without regard to any limitation of liability contained in Section 4.04 or 9.06 hereof, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof or of the Lease Assignment on its part to be kept and performed (except as provided in clause (b) of this Section 5.01), or to make provision satisfactory to the Trustee for such compliance; or

(d) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Owner,

ITEL or SSI a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of the Owner, ITEL or SSI under the Bankruptcy Act, or any other Federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Owner, ITEL or SSI (unless such decree or order shall have been discharged, stayed or otherwise rendered ineffective [but then only so long as such stay shall continue in force or such ineffectiveness shall continue]); or

(e) the Owner, ITEL or SSI shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver 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 action shall be taken by the Owner, ITEL or SSI in furtherance of any of the aforesaid purposes; or

(f) an Event of Default (as therein defined) shall occur and be continuing under the Lease;

then, in any such case (herein sometimes called an Event of Default), the Trustee in its discretion may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Owner-Trustee, declare to be due and payable forthwith the entire amount of the rentals (but not including rentals required for the payment of interest accruing after the date of such declaration) payable by the Owner-Trustee, as set forth in Section 4.04 hereof for the entire remaining term of the lease evidenced hereby and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the rate of 10-1/2% per annum, to the extent legally enforceable, on any portion thereof overdue.

In case any one or more Events of Default shall happen, the Trustee in its discretion also may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Owner-Trustee, declare the unpaid principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

In case the Owner-Trustee shall fail to pay any instalment of rental payable pursuant to Section 4.04(C) or 4.04(D) hereof when and as the same shall have become due and payable hereunder, and such default shall have continued for a period of ten days, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the rentals so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Owner-Trustee and collect in the manner provided by law out of the property of the Owner-Trustee (including the Trust Equipment) wherever situated the moneys adjudged or decreed to be payable (subject to the provisions of the last paragraph of Section 4.04 hereof), all subject to SSI's rights of possession, use and assignment set out in § 12 of the Lease.

All rights of action and to assert claims under this Agreement, under the Lease or the Guaranty Agreement or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as Trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Trust Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provisions of this Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Trust Certificates, and it shall not be necessary to make any holders of the Trust Certificates parties to such proceedings.

SECTION 5.02. Remedies. In case of the happening of any Event of Default, subject to SSI's rights of posses-

sion, use and assignment set out in § 12 of the Lease, the Trustee may by its agents enter upon the premises of SSI or of any sublessee of the Trust Equipment (or other person having acquired the use of the Trust Equipment) where any of the Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid per diem, incentive per diem, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease or otherwise contract for the use of the Trust Equipment or any part thereof; or the Trustee may with or without retaking possession (but only after declaring due and payable the entire amount of rentals payable by the Owner-Trustee and the unpaid principal of all the then outstanding Trust Certificates, as provided in Section 5.01) sell the Trust Equipment or any part thereof, free from any and all claims of the Owner-Trustee at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale for cash or upon credit in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of then outstanding Trust Certificates, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that the Owner-Trustee or SSI may and shall have a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal, lease or sale of the Trust Equipment, the Owner-Trustee shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Owner-Trustee and no payments theretofore made by the Owner-Trustee for the rent or use of the Trust Equipment or any of it shall give to the Owner-Trustee any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interests hereunder. No such taking of possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from the Owner-Trustee of rentals then or thereafter due and payable, or of principal and interest in

respect of the Trust Certificates, and the Owner-Trustee (subject to the provisions of the last paragraph of Section 4.04 hereof) shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the obligations of the Owner-Trustee under this Agreement.

SECTION 5.03. Application of Proceeds. If the Trustee shall exercise any of the powers conferred upon it by Section 5.01 and 5.02, all payments made by the Owner-Trustee to the Trustee, and the proceeds of any judgment collected from the Owner-Trustee by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates or a part thereof, or interest thereon) shall be applied by the Trustee to the payment in the following order of priority, (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement and (b) of the interest then due, with interest on overdue interest at the rate of 10-1/2% per annum, to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest thereon at the rate of 10-1/2% per annum, to the extent legally enforceable, from the last preceding interest payment date, whether or not such Trust Certificates shall have been matured by their terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then pro rata without preference between principal and interest.

After all such payments shall have been made in full, the security interest of the Trustee in and to any of the Trust Equipment remaining unsold shall be released by the Trustee so that the title therein of the Owner-Trustee shall be free from any further liabilities or obligations to the Trustee hereunder. If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, the Owner-Trustee, subject to the provisions of the last paragraph of Section 4.04 hereof, agrees to pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to the Owner-Trustee.

SECTION 5.04. Waivers of Default. Prior to the declaration of the acceleration of the maturity of the rentals and of the maturity of all the Trust Certificates as provided in Section 5.01, the holders of not less than 66-2/3% in aggregate unpaid principal amount of the Trust Certificates at the time outstanding may on behalf of the holders of all the Trust Certificates waive by an instrument in writing delivered to the Trustee any past default and its consequences, except a default in the payment of any instalment of rental payable pursuant to Section 4.04(C) or 4.04(D), but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as provided in Section 5.01, but before April 30, 1992, all arrears of rent (with interest at the rate of 10-1/2% per annum upon any overdue instalments, to the extent legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by the Owner-Trustee's default, and all other sums which shall have become due and payable by the Owner-Trustee hereunder shall be paid by the Owner-Trustee (irrespective of the provisions of the last paragraph of Section 4.04 hereof) before any sale or lease by the Trustee of any of the Trust Equipment, and every other default shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested in writing by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, shall by written notice to the Owner-Trustee waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.05. Obligations of the Owner-Trustee Not Affected by Remedies. No retaking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Owner-Trustee or in respect of the Trust Equipment on the

part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to the Owner-Trustee by the Trustee or by any such holder, shall affect the obligations of the Owner-Trustee hereunder.

The Owner-Trustee hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.06. The Owner-Trustee to Deliver Trust Equipment to Trustee. In case the Trustee shall demand possession of any of the Trust Equipment, the Owner-Trustee will (subject to the provisions of Section 9.06 hereof and the Lease), as soon as possible, cause such Trust Equipment to be drawn to such point or points as shall reasonably be designated by the Trustee and will there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep such Trust Equipment, without expense to the Trustee, on any lines of railroad or premises approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Agreement and upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Owner-Trustee, requiring the specific performance thereof.

SECTION 5.07. Trustee to Give Notice of Default. The Trustee shall give to the registered holders of the Trust Certificates notice of each Event of Default hereunder actually known to the Trustee at its Corporate Trust Office, within 30 days after it so learns of the same, unless remedied or cured before the giving of such notice.

SECTION 5.08. Control by Holders of Trust Certificates. The registered holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction (i) if the Trustee shall be advised by counsel that the action so directed may

not lawfully be taken or (ii) if the Trustee shall be advised by counsel that the action so directed may involve it in personal liability as to which the holders have not agreed fully to indemnify the Trustee. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with any such direction given hereunder.

SECTION 5.09. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Owner-Trustee.

ARTICLE SIX

Additional Covenants and Agreements by the Owner-Trustee

SECTION 6.01. Discharge of Liens. The Owner-Trustee covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which if unpaid might become a lien, charge, security interest or other encumbrance upon or against any of the Trust Equipment, or the "income and proceeds from the Trust Equipment" (as defined in Section 4.04 hereof); but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, provided that such contest will not materially endanger the rights or interest of the Trustee or of the holders of the Trust Certificates and the Owner-Trustee shall have furnished the Trustee with an Opinion of Counsel to such effect. If the Owner-Trustee does not forthwith pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any such debt, tax, charge, assessment, obligation or claim as required by this Section, the Trustee may, but shall not be obligated to, pay and discharge the same and any amount so paid shall be secured by and under this Agreement until reimbursed by the Owner-Trustee.

The obligations of the Owner-Trustee under this Section are subject to the limitations contained in Section 9.06 hereof; provided, however, that the Owner-Trustee will

pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Owner-Trustee or the Owner or the successors or assigns of either of them, not arising out of the transactions contemplated hereby (but including any tax liens arising out of the receipt of rentals and other payments under the Lease, the Indemnity Agreement or the Participation Agreement), but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Trustee in the Trust Equipment, its interest in said income and proceeds from the Trust Equipment, or otherwise under this Agreement.

SECTION 6.02. Recording. Subject to the provisions of Section 9.06 hereof, the Owner-Trustee will, promptly after the execution and delivery of this Agreement, the Lease, the Lease Assignment, each Sublease and any other sublease covering units of Trust Equipment, and each Sublease Assignment and each supplement or amendment hereto or thereto, respectively, cause the same to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Subject as aforesaid, the Owner-Trustee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record and will refile, reregister and rerecord any and all further instruments required by law or reasonably requested by the Trustee for the purposes of proper protection of the security interest of the Trustee and the rights of the holders of the Trust Certificates and of fully carrying out and effectuating this Agreement and the intent hereof.

Promptly after the execution and delivery of this Agreement and of each supplement or amendment hereto or thereto, the Owner-Trustee will furnish to the Trustee an Opinion of Counsel stating that, in the opinion of such counsel, such document has been properly deposited, filed, registered and recorded and redeposited, refiled, reregistered and rerecorded, if necessary, so as effectively to protect the security interest of the Trustee to the Trust Equipment and its rights and the rights of the holders of the Trust Certificates hereunder and thereunder and reciting the details of such action.

SECTION 6.03. Further Assurances. The Owner-Trustee covenants and agrees that from time to time it will do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee

to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

ARTICLE SEVEN

Concerning the Holders of Trust Certificates

SECTION 7.01. Evidence of Action Taken by Holders of Trust Certificates. Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate unpaid principal amount of the Trust Certificates may take action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 7.02. Proof of Execution of Instruments and of Holding of Trust Certificates. Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust Certificates shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction within the United States of America authorized to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the person executing the same.

The ownership of Trust Certificates may be proved by the register of such Trust Certificates or by a certificate of the registrar thereof.

SECTION 7.03. Trust Certificates Owned by the Owner, the Owner-Trustee, SSI or ITEL. In determining

whether the holders of the requisite unpaid principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates which are owned by the Owner, the Owner-Trustee, SSI or ITEL or by any other obligor on the Trust Certificates or by an Affiliate of SSI or ITEL or any such other obligor shall be disregarded, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, request or consent, only Trust Certificates which are actually known to the Trustee at its Corporate Trust Office to be so owned, shall be disregarded.

SECTION 7.04. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.01, of the taking of any action by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action, any holder of a Trust Certificate the serial number of which is shown by the evidence to be included in the Trust Certificates the holders of which have consented to such action may, by filing written notice with the Trustee and upon proof of holding as provided in Section 7.02, revoke such action in so far as concerns such Trust Certificate. Except as aforesaid, any such action taken by the holder of any Trust Certificate shall be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action shall be conclusive and binding upon the Owner-Trustee, the Trustee and the holders of all the Trust Certificates, subject to the provisions of Section 5.08.

ARTICLE EIGHT

The Trustee

SECTION 8.01. Acceptance of Trust. The Trustee hereby accepts the trust imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed.

SECTION 8.02. Duties and Responsibilities of the Trustee. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be deemed to have knowledge of any default or Event of Default under this Agreement prior to the time it shall have obtained actual knowledge thereof at its Corporate Trust Office.

No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its wilful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

(b) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; provided, however, that the foregoing provisions of this subparagraph (b) shall not

excuse the trustee from liability for its action or inaction which was contrary to the express provisions of this Agreement;

(c) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement;

(d) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Trust Certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(e) the Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such Opinion of Counsel;

(f) the Trustee shall be under no obligation to exercise any of its rights or powers vested in it by this Agreement, at the request, order or direction of any of the holders of the Trust Certificates, pursuant to the provisions of this Agreement, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabiliities which might be incurred therein or thereby; and;

(g) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement. None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable

ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 8.03. Application of Rentals. The Trustee covenants and agrees to apply the rentals received by it under Section 4.04 when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in Section 4.04.

The Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment until fully indemnified by the Owner-Trustee or by one or more holders of the Trust Certificates against all liability and expenses; and the Trustee shall not be responsible for the filing or recording or refiling or rerecording of this Agreement or of any supplement hereto or statement of new numbers or any assignments or any other statement or document that may be permitted or required to be filed, recorded, refiled or rerecorded in any jurisdiction to protect or perfect any of the security interests contemplated hereby.

SECTION 8.04. Funds May be Held by Trustee; Investments. Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried by the Trustee on noninterest bearing deposit with itself.

At any time and from time to time, if at the time no Event of Default shall have occurred and be continuing, the Trustee, on Request, shall invest and reinvest Deposited Cash held by it in Investments, at such prices, including any premium and accrued interest, as are set forth in such Request, such Investments to be held by the Trustee in trust for the benefit of the holders of the Trust Certificates.

The Trustee shall, on Request, or the Trustee may, in the event funds are required for payment against acceptance of Trust Equipment, sell such Investments, or any portion thereof, and restore to Deposited Cash the proceeds of any such sale up to the amount paid for such Investments, including accrued interest.

The Trustee shall, to the extent received, restore to Deposited Cash out of rent received by it for that purpose under the provisions of Section 4.04(A), an amount equal to any expenses incurred in connection with any purchase or sale of Investments and also an amount equal to any loss of principal incident to the sale or redemption of any Investments for a sum less the amount paid therefor, including accrued interest.

Until such time as, to the actual knowledge of the Trustee (obtained at its Corporate Trust Office), the Owner-Trustee shall be in default under the terms hereof, SSI shall be entitled to receive any interest (in excess of accrued interest paid from Deposited Cash at the time of purchase) or other profit which may be realized from any sale or redemption of Investments.

SECTION 8.05. Trustee Not Liable for Delivery Delays or Defects in Equipment or Title. The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the Manufacturer or of the Owner-Trustee, or for any defect in any of the Trust Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation on the part of the Trustee in respect of the value thereof or in respect of the title thereto or the security afforded thereby or otherwise.

The Trustee may perform its powers and duties hereunder by or through such attorney and agents as it shall appoint, and shall be answerable only for its own negligent acts, negligent failures to act and wilful misconduct and not for the default or misconduct of any attorney or agent appointed by it with reasonable care. The Trustee shall not be responsible in any way for, and makes no representation with respect to, the recitals herein contained or for the execution or validity or enforceability of this Agreement or of the Trust Certificates (except for its own execution thereof) or for the Participation Agreement or any of the Operative Agreements (as defined therein).

The Trustee shall be entitled to receive payment of all of its expenses and disbursements hereunder, including reasonable counsel fees and expenses, and to receive reasonable compensation for all services rendered by it in the execution of the trust hereby created, all of which shall be paid by the Owner-Trustee.

The Trustee in its individual capacity may own, hold and dispose of Trust Certificates.

Any moneys at any time held by the Trustee or any paying agent hereunder shall, until paid out or invested by the Trustee or any paying agent as herein provided, be held by it in trust as herein provided for the benefit of the holders of the Trust Certificates.

SECTION 8.06. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee may resign and be discharged of the trust created by this Agreement by giving at least 30 days' written notice to the Owner-Trustee. Such resignation shall take effect upon receipt by the Trustee of an instrument of acceptance executed by a successor trustee as herein provided in this Section.

(b) The Trustee may be removed at any time by an instrument in writing signed by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, delivered to the Trustee and to the Owner-Trustee.

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to the Owner-Trustee and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, the Owner-Trustee by an instrument in writing executed by order of its board of directors shall appoint a trustee to fill such vacancy. A successor trustee so appointed by the Owner-Trustee shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above if such appointment is made within one year after completion of the notice, in the manner provided in the next succeeding paragraph, of the appointment of a successor trustee by the Owner-Trustee. Every successor trustee appointed pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, or the State of Utah, having its principal office in the City of New York or

the city of Salt Lake City, and having a capital and surplus of not less than $50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) The Owner-Trustee shall give notice to the holders of all outstanding Trust Certificates of each resignation or removal of the then Trustee and of each appointment by the Owner-Trustee of a successor trustee pursuant to this Section by mailing written notice of such event by first class mail, postage prepaid.

SECTION 8.07. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 8.06 shall execute, acknowledge and deliver to the Owner-Trustee and to its predecessor trustee an instrument accepting such appointment hereunder and, subject to the provisions of Section 8.06(a), thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Request of the Owner-Trustee or written request of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon written request of any such successor trustee, the Owner-Trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 8.05.

SECTION 8.08. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 8.06, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE NINE

Miscellaneous

SECTION 9.01. Rights Confined to Parties and Holders. Nothing expressed or implied herein is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and the holders of the Trust Certificates and the third party beneficiaries specified herein, any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefits of the parties hereto and their successors and of the holders of the Trust Certificates.

SECTION 9.02. No Recourse. No recourse under any obligation, covenant or agreement of this Agreement, shall be had against any incorporator, stockholder, officer or director, past, present or future, of the Owner or the Owner-Trustee, as such, solely by reason of the fact that such person is an incorporator, stockholder, officer or director, whether by virtue of any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, officers or directors being forever released as a condition of and as consideration for the execution of this Agreement.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each of and all the representations, covenants, undertakings and agreements herein made on the part of the Owner-Trustee, are made and intended not as personal representations, covenants, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding such corporation 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 Agreement is executed and delivered by First Security State Bank, not in its own right but solely in the exercise of the powers expressly conferred on it as trustee under the Trust Agreement. The term Owner-Trustee, as used herein, shall refer to any successor trustee appointed pursuant to the Trust Agreement.

SECTION 9.03. Amendment or Waiver. Any provision of this Agreement may be amended or waived with the written consent of the holders of not less than 66-2/3% of the aggregate unpaid principal amount of the Trust Certificates then outstanding; provided, however, that without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, no such amendment or waiver shall (1) reduce the amount of principal, change the amount or dates of payment of instalments of principal or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates without the consent of the holders of each Trust Certificate so affected, (2) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust otherwise than as expressly permitted by the present terms of this Agreement, or (3) reduce the percent of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver; and, provided, further, however, that no such amendment or waiver shall modify the rights, duties, or immunities of the Trustee without the prior written consent of the Trustee.

Any amendment or waiver in respect of the Lease may be consented to by the Trustee without the consent of the holders of the Trust Certificates; provided, however, that, if such amendment or waiver would reduce the amount of or extend the time for payment of any rentals or other obligations under the Lease in a manner so as to affect the due and punctual payment of the principal of and interest on the Trust Certificates and the other obligations of the Owner-Trustee hereunder, the Trustee shall not consent thereto without the prior written approval of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding.

SECTION 9.04. Binding upon Assigns. Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 9.05. Notice. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or

mailed by registered mail to (a) the Owner-Trustee at the address set forth for the Owner Trustee in the Lease or such other address as may hereafter be furnished to the Trustee in writing by the Owner-Trustee, with a copy thereof to the Owner, in care of Robert T. Healey, Esq., at 300 Kings Highway East, Haddonfield, New Jersey 08033, and (b) to the Trustee at First Security Bank of Utah, National Association, 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Department, Corporate Trust Division, with a copy to ITEL Leasing Corporation, One Embarcadero Center, San Francisco, California 94111, Attention of Contract Administration, or such other address as may hereafter be furnished in writing by the Trustee and (c) in the case of any holder of the Trust Certificates, at such address as is provided in the Participation Agreement or as otherwise furnished in writing to the Trustee. An affidavit by any person representing or acting on behalf of the Trustee, the Owner-Trustee or the holders of the Trust Certificates as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 9.06. Satisfaction of Obligations. The obligations of the Owner-Trustee under Sections 4.06, 4.07 (other than the second paragraph thereof), 4.09, 4.10, 4.11, 5.06, 6.01 (other than the proviso to the last paragraph thereof) and 6.02, but excluding any provisions requiring the execution of any instrument by the Owner-Trustee, shall be deemed in all respects satisfied by the execution and delivery of the Lease; the Trustee agrees to look solely to SSI for the performance of such obligations under such Sections regardless of whether the Lease provides for the discharge of such obligations or is in effect and the Owner-Trustee shall not have any responsibility for SSI's failure to perform such obligations; provided, however, that such covenants and obligations shall be deemed covenants of the Owner-Trustee within the meaning of subparagraph (c) of the first paragraph of Section 5.01 hereof (it being the intention of the parties hereto that neither the Owner-Trustee nor any of its properties shall be subject to any liability for any breach or alleged breach by it of any such covenant or obligation [or any breach or alleged breach under the second paragraph of Section 4.08 hereof] except out of the "income and proceeds from the Trust Equipment", but that any such breach may be made the basis of an Event of Default under said Section 5.01). No waiver or amendment of SSI's undertakings under the Lease shall be effective unless joined in by the Trustee.

SECTION 9.07. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 9.08. Date Executed. This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

SECTION 9.09. Law Governs. The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the Trustee and the Owner-Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed as of the day and year first above written.

FIRST SECURITY BANK OF UTAH,
National Association,
not in its individual
capacity but solely as Trustee,

by _____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FIRST SECURITY STATE BANK,
not in its individual
capacity but solely as Owner-Trustee

by _____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 22nd day of July 1977, before me personally appeared ROBERT S. CLARK, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association 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 national banking association.

Susan R. Howard
Notary Public

[Notarial Seal]

My Commission expires: __

My commission expires June 6, 1981

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 22nd day of July 1977, before me personally appeared Fred L Murphy, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

Susan A Harward
Notary Public

My Commission expires:

My commission expires June 6, 1981

[Notarial Seal]

SCHEDULE A

Lessee	Units of Trust Equipment	Road Numbers	Trust Equipment Description
Ashley, Drew & Northern Railway Company	50	ADN 8100-8149	70 ton, 50' 6" Boxcars with 10' sliding doors and 10" end-of-car cushioning AAR Mechanical Designation XM

SCHEDULE B

[Form of Trust Certificates]

NOTE: This Trust Certificate has not been registered under the Securities Act of 1933 and must be held indefinitely unless a subsequent disposition hereof is exempt from the registration requirements of said Act.

$ No.

SSI RAIL CORP.

9-1/2% Equipment Trust Certificates,

1977 Series 3

Secured by SSI Rail Corp. Lease No. 4.

Total Authorized Issue: $1,422,063

FIRST SECURITY BANK OF UTAH, National Association,
Trustee

FIRST SECURITY BANK OF UTAH, National Association, not in its individual capacity but solely as Trustee (hereinafter called the Trustee), under an Equipment Trust Agreement (hereinafter called the Agreement) dated as of July 15, 1977, between the Trustee and FIRST SECURITY STATE BANK (hereinafter called the Owner-Trustee), acting as Owner-Trustee under a Trust Agreement dated as of July 15, 1977, with Viking Yacht Company (hereinafter called the Owner) hereby certifies that

or registered assigns is entitled to an interest of

Dollars in Equipment Trust, 1977 Series 3, Secured by SSI Rail Corp. Lease No. 4, due and payable on or before April 30, 1992, in instalments as hereinafter provided, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Trust Certificate at the rate of 9-1/2% per annum. Interest on this Trust Certificate shall be calculated on the basis of a 360-day year of twelve 30-day months.

This Trust Certificate shall be payable as follows: interest only shall be payable on the principal amount of this Trust Certificate on October 31, 1977; thereafter, principal and interest payments shall be made in 58 consecutive quarterly instalments on January 31, April 30, July 31 and October 31 in each year commencing January 31, 1978, calculated so that the amount of principal and interest payable on each such date shall be substantially in proportion to the amount of principal and interest set forth in respect of such date in Schedule C to the Agreement and such instalments of principal shall completely amortize the principal amount of this Trust Certificate.

Interest on any overdue principal and interest, to the extent legally enforceable, shall be payable at the rate of 10-1/2% per annum. Payments of principal and interest shall be made by the Trustee to the registered holder hereof at the Corporate Trust Office of the Trustee at 79 South Main Street, Salt Lake City, Utah 84111 (hereinafter called the Corporate Trust Office), in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement. Except as provided in Sections 3.01 and 4.07 of the Agreement, prepayments of instalments of the principal amount of this Trust Certificate may not be made.

This Trust Certificate is one of an authorized issue of Trust Certificates, in an aggregate principal amount not exceeding $1,422,063 and issued or to be issued under the Agreement. Reference is made to the Agreement (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, including the rights, obligations and limitations of liabilities of the parties thereto, to all of which the registered holder hereof, by accepting this Trust Certificate, assents.

Neither the Owner nor the Owner-Trustee has any personal liability to the holder of this Trust Certificate and the obligations of the Owner-Trustee under the Agreement are limited as provided therein. As more fully set forth in Section 4.04 of the Agreement, the liability of the Owner-Trustee under the Agreement may not exceed an amount equal to, and such amount is payable only out of, the "income and proceeds from the Trust Equipment", as defined in the Agreement.

The transfer of this Trust Certificate is registerable in whole or in part by the registered holder hereof in person or by duly authorized attorney on the books of the Trustee upon surrender to the Trustee at the Corporate Trust Office of this Trust Certificate accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, and thereupon a new Trust Certificate or Certificates for the then unpaid aggregate principal amount hereof will be issued to the transferee in exchange herefor and, if less than the then entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. Prior to due presentment for registration of transfer, the Trustee may deem and treat the person in whose name this Trust Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Agreement) all instalments of principal (and interest accrued thereon) represented by this Trust Certificate may become or be declared due and payable in the manner and with the effect provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by one of its Authorized Officers, by his signature or a facsimile thereof, and its seal or a facsimile thereof to be hereunto affixed or hereon imprinted and to be attested by one of its Authorized Officers by his signature.

Dated as of

FIRST SECURITY BANK OF UTAH,
National Association, not in its
individual capacity but solely
as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security
or other identifying number
of Assignee

_____ .....

_____

.....

the within Equipment Trust Certificate, 1977 Series 3, Secured by SSI Rail Corp. Lease No. 4, and does hereby irrevocably constitute and appoint

.....

attorney to transfer the said Certificate on the books of the within named Trustee, with full power of substitution in the premises.

Dated..... .....

SCHEDULE C

Payments Required Per $1,000,000 Aggregate Principal Amount

Date	Principal	Interest	Principal Recovery	Payment
October 31, 1977	$1,000,000			
January 31, 1978	991,626.48	$23,750.00	$ 8,373.52	$32,123.52
April 30, 1978	983,054.09	23,551.13	8,572.39	32,123.52
July 31, 1978	974,278.10	23,347.53	8,775.99	32,123.52
October 31, 1978	965,293.68	23,139.10	8,984.42	32,123.52
January 31, 1979	956,095.88	22,925.72	9,197.80	32,123.52
April 30, 1979	946,679.64	22,707.28	9,416.24	32,123.52
July 31, 1979	937,039.76	22,483.64	9,639.88	32,123.52
October 31, 1979	927,170.93	22,254.69	9,868.83	32,123.52
January 31, 1980	917,067.72	22,020.31	10,103.21	32,123.52
April 30, 1980	906,724.56	21,780.36	10,343.16	32,123.52
July 31, 1980	896,135.75	21,534.71	10,588.81	32,123.52
October 31, 1980	885,295.45	21,283.22	10,840.30	32,123.52
January 31, 1981	874,197.70	21,025.77	11,097.75	32,123.52
April 30, 1981	862,836.38	20,762.20	11,361.32	32,123.52
July 31, 1981	851,205.22	20,492,36	11,631.16	32,123.52
October 31, 1981	839,297.82	20,216.12	11,907.40	32,123.52
January 31, 1982	827.107.62	19,933.32	12,190.20	32,123.52
April 30, 1982	814,627.91	19,643.81	12,479.71	32,123.52
July 31, 1982	801,851.80	19,347.41	12,776.11	32,123.52
October 31, 1982	788,772.26	19,043.98	13,079.54	32,123.52
January 31, 1983	775,382.08	18,733.34	13,390.18	32,123.52
April 30, 1983	761,673.88	18,415.32	13,708.20	32,123.52
July 31, 1983	747.640.11	18,089.75	14,033.77	32,123.52
October 31, 1983	733,273.04	17,756.45	14,367.07	32,123.52
January 31, 1984	718,564.75	17,415.23	14,708.29	32,123.52
April 30, 1984	703,507.14	17,065.91	15,057.61	32,123.52
July 31, 1984	688,091.91	16,708.29	15,415.23	32,123.52
October 31, 1984	672,310.57	16,342.18	15,781.34	32,123.52
January 31, 1985	656,154.43	15,967.38	16,156.14	32,123.52
April 30, 1985	639,614.58	15,583.67	16,539.85	32,123.52
July 31, 1985	622,681.91	15,190.85	16,932.67	32,123.52
October 31, 1985	605,347.09	14,788.70	17,334.82	32,123.52
January 31, 1986	587,600.56	14,376.99	17,746.53	32,123.52
April 30, 1986	569,432.55	13,955.51	18,168.01	32,123.52
July 31, 1986	550,833.05	13,524.02	18,599.50	32,123.52
October 31, 1986	531,791.81	13,082.28	19,041.24	32,123.52
January 31, 1987	512,298.35	12,630.06	19,493.46	32,123.52
April 30, 1987	492,341.92	12,167.09	19,956.43	32,123.52
July 31, 1987	471,911.52	11,693.12	20,430.40	32,123.52
October 31, 1987	450,995.90	11,207.90	20,915.62	32,123.52
January 31, 1988	429,583.53	10,711.15	21,412.37	32,123.52

Date	Principal	Interest	Principal Recovery	Payment
April 30, 1988	$407,662.62	10,202.61	$21,920.91	$32,123.52
July 31, 1988	385.221.09	9,681.99	22,441.53	32,123.52
October 31, 1988	362,246.57	9,149.00	22,974.52	32,123.52
January 31, 1989	338,726.41	8,603.36	23,520.16	32,123.52
April 30, 1989	314,647.64	8,044.75	24,078.77	32,123.52
July 31, 1989	289.997.00	7,472.88	24,650.64	32,123.52
October 31, 1989	264,760.91	6,887.43	25,236.09	32,123.52
January 31, 1990	238.925.46	6,288.07	25,835.45	32,123.52
April 30, 1990	212,476.42	5,674.48	26,449.04	32,123.52
July 31, 1990	185.399.21	5,046.31	27,077.21	32,123.52
October 31, 1990	157.678.92	4,403.23	27,720.29	32,123.52
January 31, 1991	129,300.27	3,744.87	28,378.65	32,123.52
April 30, 1991	100,247.63	3,070.88	29,052.64	32,123.52
July 31, 1991	70,504.99	2,380.88	29,742.64	32,123.52
October 31, 1991	40,055.96	1,674.49	30,449.03	32,123.52
January 31, 1992	8,883.77	951.33	31,172.19	32,123.52
April 30, 1992	.00	210.99	8,883.77	9,094.76

Annex I to the
Equipment Trust Agreement

LEASE OF RAILROAD EQUIPMENT

(No. 4)

Dated as of July 15, 1977,

between

SSI RAIL CORP.,

and

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as Owner-Trustee

LEASE OF RAILROAD EQUIPMENT (No. 4), dated as of July 15, 1977, between SSI RAIL CORP., a Delaware corporation (hereinafter called the Lessee), and FIRST SECURITY STATE BANK, a Utah corporation, acting not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the Owner-Trustee) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement), with VIKING YACHT COMPANY (hereinafter called the Owner).

WHEREAS the Lessee, ITEL Corporation (hereinafter called the Guarantor), the Owner, the Owner-Trustee and the Purchasers (hereinafter called the Purchasers) named in Exhibit A thereto are entering into a Participation Agreement (hereinafter called the Participation Agreement) dated as of the date hereof;

WHEREAS the Lessee is assigning to the Owner-Trustee pursuant to a Purchase Order Assignment (hereinafter called the Purchase Order Assignment), substantially in the form attached to the Participation Agreement as Exhibit B, the Lessee's rights under a certain Purchase Order (hereinafter called the Manufacturing Agreement) with ACF Industries, Incorporated (hereinafter called the Builder) to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such railroad equipment being hereinafter sometimes called the Equipment);

WHEREAS the Lessee agrees to lease from the Owner-Trustee all the units of the Equipment, or such lesser number of units as are delivered and accepted under the Purchase Order Assignment, at the rentals and for the term and upon the conditions hereinafter provided (each such unit being hereinafter called a Unit);

WHEREAS the Lessee intends to lease the Units to certain railroad companies pursuant to Subleases (hereinafter each sometimes called a Sublease), substantially in the form of Schedule E hereof and to assign the Subleases and any other subleases of the Units to the Owner-Trustee pursuant to Assignments of Sublease (hereinafter each called a Sublease Assignment), substantially in the form of Schedule F hereof;

WHEREAS the Owner-Trustee intends to assign certain of its rights under the Sublease Assignments to the Trustee (as hereinafter defined) for security purposes pursuant to Reassignments of Sublease (hereinafter each called a Second Assignment), substantially in the form attached to the Sublease Assignment as Annex A until the Owner-Trustee fulfills all its obligations under the Security Document (as hereinafter defined);

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement (hereinafter called the Security Document) with First Security Bank of Utah, National Association (herein, together with its successors and assigns as trustee under the Security Document, called the Trustee), pursuant to which equipment trust certificates (hereinafter called the Trust Certificates) will be issued and sold to finance a portion of the purchase price of the Equipment, and the Owner-Trustee will be obligated to make payments equal to the principal of and interest on the Trust Certificates out of the rentals received hereunder and security title and interest in the Units will be conveyed to the Trustee until the Owner-Trustee fulfills all its obligations under the Security Document;

WHEREAS the Lessee is entering into an Indemnity Agreement (hereinafter called the Indemnity Agreement) with the Owner, substantially in the form attached hereto as Schedule C, pursuant to which the Lessee agrees to indemnify the Owner under certain circumstances against the loss of certain tax benefits contemplated to accrue to the Owner under this Lease;

WHEREAS the Guarantor is willing to guarantee the observance and performance of the covenants, obligations and agreements of the Lessee under this Lease and the Indemnity Agreement pursuant to a Guaranty Agreement (hereinafter called the Guaranty Agreement), with the Owner-Trustee, substantially in the form attached hereto as Schedule D;

WHEREAS the Owner-Trustee will assign this Lease and the Guaranty Agreement (in so far as the Guaranty Agreement provides a guaranty of the observance and performance of the covenants, obligations and agreements of the Lessee under this Lease) to the Trustee pursuant to an Assignment of Lease and Agreement (hereinafter called the Lease Assignment), substantially in the form attached to the Security Document as Annex II, and the Lessee and the Guarantor will consent to the Lease Assignment pursuant to a Consent and Agreement

(hereinafter called the Consent); and

WHEREAS the Lessee and the Guarantor have entered into a Covenant Agreement dated as of March 15, 1977 (hereinafter called the Covenant Agreement), in the form attached to the Participation Agreement as Exhibit D, pursuant to which the Lessee and the Guarantor make certain covenants and agreements;

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Owner-Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, 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 by reason of any past, present or future claims of the Lessee against the Owner-Trustee or the Owner under this Lease or under the Security Document, including the Lessee's rights by subrogation thereunder against the Builder or the Trustee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in 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 the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the 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 Owner-Trustee, the Owner, any holder of the Trust Certificates or the Trustee for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Order Assignment; provided, however, that such acceptance shall be in accordance with the provisions of Section 3.01 of the Security Document. Each delivery of a Unit to the Owner-Trustee under the Purchase Order Assignment shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the Purchase Order Assignment. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the Purchase Order Assignment, on behalf of the Trustee under the Security Document and on behalf of itself hereunder, and execute and deliver to the Owner-Trustee and the Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of the Purchase Order Assignment, stating that such Unit has been inspected and accepted on behalf of the Lessee, the Owner-Trustee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee, the Owner-Trustee and the Trustee, and shall be subject thereafter to all the terms and conditions of this Lease and the Security Document. The Lessee hereby represents and warrants to the Owner-Trustee that no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder.

§ 3. Rentals. The Lessee agrees to pay to the

Owner-Trustee, as rental for each Unit subject to this Lease, 61 consecutive payments payable on October 31, 1977, and on each January 31, April 30, July 31 and October 31 thereafter, commencing January 31, 1978. The first rental payment shall be in an amount equal to the sum of (a) the product of (i) the aggregate principal amount of Trust Certificates issued pursuant to Section 2.01 of the Security Document, times (ii) .02639% for each day elapsed from the date on which such Trust Certificates were so issued until such rental payment date, plus (b) the product of (i) the Purchase Price (as defined in the Purchase Order Assignment) of each Unit then subject to this Lease, times (ii) .001438% for each day elapsed from the Closing Date (as defined in the Purchase Order Assignment) with respect to such Unit until such rental payment date. The next 60 quarterly rental payments shall each be in an amount equal to 2.5393% of the Purchase Price of each Unit subject to this Lease on the date of such payment. The foregoing amounts and rental rates have been calculated on the assumption that 79.05% of the Purchase Price of the Units will be provided out of the proceeds of the sale of Trust Certificates having an interest rate of 9-1/2% per annum. If for any reason the Owner-Trustee pays more than 20.95% of the Purchase Price of any Unit pursuant to Section 3.03 of the Security Document or Trust Certificates are sold at an interest rate other than that hereinabove specified, the Owner-Trustee and the Lessee agree that the rentals payable hereunder and the Casualty Value percentages set forth in Schedule B hereto will be appropriately adjusted in order that the Owner's net return (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Owner in originally evaluating the transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Value percentages, as so adjusted, shall not be reduced in any case from the amounts set forth herein other than to reflect any reduction in the interest rate on any Trust Certificate as aforesaid.

If any of the rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document), the rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable on such rental payment for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

For so long as the Security Document shall remain in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease to the Trustee, for the account of the Owner-Trustee, in care of the Trustee, with instructions to the Trustee (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the Security Document known to the Trustee to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no Event of Default under the Security Document shall have occurred and be continuing, to pay any balance promptly to the Owner-Trustee or to the order of the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing.

The Lessee agrees to make each payment provided for herein as contemplated by this § 3 in immediately available or federal funds at or prior to 11:00 a.m. Salt Lake City time at the Corporate Trust Office (as defined in the Security Document) on the date due, or if the Security Document shall no longer be in effect, at the office of the Owner-Trustee.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on October 31, 1992. Except for obligations of the Lessee hereunder which are not specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

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 Trustee under the Security Document. If an Event of Default should occur under the Security Document, the Trustee may terminate this Lease (or rescind its termination), all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Trustee is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment,

this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 12 hereof.

§ 5. Identification Marks. The Lessee agrees that it will cause each Unit to be marked plainly, distinctly, permanently and conspicuously on each side of each Unit, in letters not less than one inch in height, the following legend:

> "OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c"

or such other words as shall be approved by the Owner-Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, the Lessee shall cause the same to be restored or replaced. The Lessee shall not change, or permit to be changed, the numbers of any of the Units (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Owner-Trustee and which shall be filed and recorded in like manner as this Lease.

The Units may be lettered in an appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered in the case of any of the sublessees under subleases permitted in § 12 hereof in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but the Lessee will not allow the name of any person, firm, association or corporation to be placed on any of the Units as a designation which might reasonably be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its Affiliates (as defined in the Security Document) or by the sublessees under subleases permitted in § 12 hereof.

§ 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Owner-Trustee, the Owner, the Trustee, the holders of Trust Certificates and the respective estates held in trust by the Owner-Trustee under the Trust Agreement and by the Trustee under the Security Document harmless from all taxes (income, gross receipts,

franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, the Owner, the Trustee, the holders of Trust Certificates, the Lessee, the trust estates created by the Trust Agreement, the Builder (except for those taxes which are the responsibility of the Builder pursuant to the Purchase Order Assignment) or otherwise, by any federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; this Lease, the Lease Assignment, the Consent, the Trust Agreement, the Participation Agreement, the Security Document, the Manufacturing Agreement, the Purchase Order Assignment, the Subleases and any other subleases covering any of the Units, the Sublease Assignments, the Second Assignments, the Trust Certificates or the issuance thereof under the Security Document, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Owner-Trustee under the Trust Agreement or by the Trustee under the Security Document (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is currently allowed a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Indemnity Agreement) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Owner-Trustee (in its individual capacity), the Owner, the holders of Trust Certificates or the Trustee (in its individual capacity), other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease or the Indemnity Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded whether or not the indemnified party is currently allowed a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary

disposition by the Owner or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of creditors in which the Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease without the consent of the Lessee, unless, in each case, such transfer or disposition is required or contemplated by this Lease or an Event of Default shall have occurred and be continuing; and (iii) any Taxes imposed on or measured by any trustee fees received by the Owner-Trustee or the Trustee; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the fourth paragraph of this § 6. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee (or the affiliated group, within the meaning of section 1504 of the Internal Revenue Code of 1954, as amended, of which the Lessee is a member) under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same.

If any person indemnified hereunder shall be allowed a credit for any foreign Taxes for which the Lessee shall have reimbursed such indemnified party, such indemnified party shall pay to the Lessee the amount of such credit, plus an amount equal to any tax benefits realized by such indemnified party as a result of any payment to the Lessee pursuant to this sentence. For purposes of this paragraph, in determining the order in which the indemnified party utilizes withholdings or other foreign taxes as a credit against such indemnified party's United States income taxes, such indemnified party shall be deemed to utilize (i) first, all foreign taxes other than those described in (ii) below and (ii) then, all foreign Taxes for which the Lessee shall have reimbursed such indemnified party pursuant to this § 6. Each indemnified party shall in good faith use reasonable efforts in filing its tax returns and in dealing with taxing authorities to claim a credit for any foreign taxes for which the Lessee shall have reimbursed such indemnified party and otherwise to minimize any Taxes for which the Lessee is responsible under this § 6.

The amount which the Lessee shall be required to pay with respect to any Taxes indemnified against pursuant to this § 6 shall be an amount sufficient to restore the indemnified party to the same position such indemnified party would have been in had such Taxes not been imposed.

If claim is made against any indemnified party for any Taxes indemnified against under this § 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such indemnified party; provided, however, that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior written consent of such indemnified party, which consent may not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by the Lessee and the period of such payment, such indemnified party shall pay to the Lessee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, except obligations resulting from the second sentence of the first paragraph of this § 6, the Lessee shall either make such report or return in such manner as will show the interests of the Owner-Trustee in the Units, or shall promptly notify the Owner-Trustee, the Owner and the

Trustee of such requirement and shall make such report or return in such manner as shall be satisfactory to the Owner-Trustee, the Trustee and the Owner. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the Security Document or the termination of this Lease. All amounts payable by the Lessee pursuant to this § 6 shall be payable directly to the indemnified party entitled to indemnification, except to the extent paid to a governmental agency or taxing authority. The foregoing indemnities by the Lessee shall not constitute a guaranty by the Lessee of the payment of any instalments of principal or interest payable under the Trust Certificates.

The Lessee shall furnish promptly, upon request, such information and data as is normally available to the Lessee and which the Owner-Trustee, the Trustee or the Owner reasonably may require to permit compliance with the requirements of any taxing authorities.

§ 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only if such requisition for an indefinite period shall be in effect on the expiration date 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 (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, or until such Unit shall have been returned in the manner provided in §§ 11 or 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee and the Trustee with respect thereto. On the rental payment date next succeeding the delivery of such notice, the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as

hereinafter defined) of such Unit which suffered a Casualty Occurrence as of the date of such payment in accordance with Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, 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 Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit or Replacement Unit (as hereinafter defined), or any component thereof, suffering a Casualty Occurrence before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder and no event then exists which after notice or lapse of time or both would become a default hereunder, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit or Replacement Unit, and shall pay any excess to the Owner-Trustee.

The Casualty Value of each Unit as of the date on which payment therefor is made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, and whenever any Unit or Replacement Unit shall suffer a Casualty Occurrence while being stored as provided in § 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee with respect thereto and pay to the Owner-Trustee an amount equal to the Casualty Value of such Unit or Replacement Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit or the Unit replaced by such Replacement Unit. Upon the making of any such payment by the Lessee in respect of any Unit or Replacement Unit (except in the case of the loss, theft or complete destruction of such Unit or Replacement Unit), the Owner-Trustee shall be entitled to recover possession of such Unit or Replacement Unit.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit or Replacement Unit.

The Lessee agrees that it will, at all times prior to the return of the Units to the Owner-Trustee in accordance with the provisions of this Lease, and at its own cost and expense, keep or cause to be kept each Unit insured against loss by fire, windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee at not less than the value of such Unit from time to time payable by railroad companies in possession of such Unit in the event the same should then be destroyed beyond repair pursuant to applicable rules of the Interstate Commerce Commission, the United States Department of Transportation and the Association of American Railroads and will maintain general public liability insurance with respect to the Units against damage because of bodily injury, including death, or damage to property or others, such insurance to afford protection to the limit of not less than $5,000,000 per occurrence. Any such insurance may have applicable thereto deductible provisions to the extent of $25,000 per occurrence and may be carried under blanket policies maintained by the Lessee so long as such policies otherwise comply with the provisions of this Section.

The benefits of such insurance coverage shall be payable to the Trustee, the Owner-Trustee and the Lessee, as their interests may appear, so long as the Trust Certificates shall not have been paid in full, and thereafter to the Owner-Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this § 7 (a) shall require 30 days' prior notice of cancelation to the Owner-Trustee, (b) shall name the Trustee, the Owner and the Owner-Trustee as their respective interests may appear (i) as additional named insureds with respect to liability insurance and (ii) as loss payees with respect to insurance covering physical damage to the Units, and (c) shall not be invalidated by any act or neglect of the Trustee, the Owner-Trustee or the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Units or any interest therein nor by any change in the title

or ownership of the Units or any interest therein or with respect thereto, or by the use or operation of the Units for purposes more hazardous or in a manner more hazardous than is permitted by such policy.

Any certificate of insurance carried in accordance with this § 7 shall be substantially in conformity with the form of certificate of insurance referred to in the certificate delivered pursuant to Paragraph 8(f)(iv) of the Participation Agreement.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1978, the Lessee will furnish to the Owner-Trustee, the Owner and the Trustee an Officer's Certificate (as defined in the Security Document) (a) setting forth as at the preceding December 31 (or as of the date of this Lease in the case of the first such Officer's Certificate) the amount, description and numbers of all Units then leased hereunder and covered by the Security Document, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such Officer's Certificate) (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Trustee may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the Security Document have been preserved or replaced, and (c) identifying the Units then being subleased by the Lessee as permitted hereunder (including the name of each sublessee and the term of each sublease covering the Units) and specifying which Units, if any, are not then being subleased by the Lessee. The Owner-Trustee shall have the right, at its own expense and risk, by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE

OWNER-TRUSTEE NOR THE OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee 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 Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against the Builder, including, but not limited to, any claims and rights arising under the provisions of the Manufacturing Agreement. The Owner-Trustee and the Owner 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 circumstance 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 Owner-Trustee (but not as between the Lessee and the Builder) that the 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 Owner-Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Owner-Trustee, the Owner and the Trustee, to comply in all respects

(including, without limitation, with respect to the use, maintenance and operation of each Unit) with all 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 United States 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 such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Trustee, adversely affect the property or rights of the Owner-Trustee or the Trustee under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good order and proper repair, reasonable wear and tear excepted.

The Lessee and its affiliates, at their own cost and expense, may from time to time make or permit to be made such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called Additions) to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units or the original conventional purpose of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions,

assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this § 9, or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay, and shall protect, indemnify and hold the Owner-Trustee, the Owner, the holders of Trust Certificates and the Trustee, and their respective successors, assigns, agents and servants (hereinafter called Indemnified Persons), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all

liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; provided, however, that the Lessee shall not be obligated to protect, indemnify or hold harmless any Indemnified Person under this clause (v), except in the case of any negligence or intentional act of the Lessee or of its employees or agents and except to the extent otherwise provided by law, in respect of any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted in § 8, § 11 or § 14 hereof; (vi) any violation, or alleged violation, of any provision of this Lease (except by the Owner-Trustee) or of any agreement, law, rule, regulation, ordinance or restriction affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Sublease Assignments, the Security Document or the Participation Agreement, except to the extent such claim arises from an act or omission of the Owner-Trustee; or (viii) any claim arising out of the Trustee's holding a security interest under the Security Document, the Lease Assignment or the Second Assignments. All payments hereunder shall be made directly to the Indemnified Person. The Lessee shall be obligated under this § 9, irrespective of whether any Indemnified Person shall also be

indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 9, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The Lessee further agrees to indemnify, protect and hold harmless the holders of Trust Certificates, the Trustee, the Owner and the Owner-Trustee, as third party

beneficiaries hereof, from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the holders of Trust Certificates, the Trustee, the Owner and the Owner-Trustee because of the use in or about the construction or operation of any unit of the Equipment of any article or material specified by the Lessee and not manufactured or ordered by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder hereunder.

The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

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

The indemnities arising under this § 9 shall not be deemed to operate as a guaranty of the residual value of the Units or as a guaranty of the payment of the principal of or interest on the Trust Certificates.

§ 10. 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. payment of any part of the rental provided in

§ 3 hereof or payment in respect of any Casualty Occurrence pursuant to § 7 hereof shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for five days after such payment is due; or

B. 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, in the Participation Agreement, the Covenant Agreement (other than those set out in Sections 3.01, 3.04, 3.10, 3.11 and 3.13 thereof), the Consent or any Sublease Assignment, and such default shall continue, or provision satisfactory to the Owner-Trustee and the Trustee for compliance with such covenant, condition or agreement as to which the Lessee shall be in default shall not be made, for 30 days after written notice from the Owner-Trustee or the Trustee to the Lessee specifying the default and demanding that the same be remedied; or

C. the Lessee or the Guarantor shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver 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 action shall be taken by the Lessee or the Guarantor in furtherance of any of the aforesaid purposes; or

D. an Event of Default set forth in Article Five of the Security Document shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder or under the Participation Agreement; or

E. any material representation or warranty made by the Lessee herein or in the Participation Agreement, the Indemnity Agreement or the Covenant Agreement or by the Guarantor in the Participation Agreement, the Covenant Agreement or the Guaranty Agreement or in any document or certificate furnished the Owner-Trustee, the Owner, the Trustee or the holder of any Trust Certificate by the Lessee or the Guarantor in connection herewith or

therewith or pursuant hereto or thereto shall be incorrect as of the date as of which made in any material respect; or

F. the Guarantor shall fail to pay when due either at the stated maturity thereof or through acceleration or otherwise any indebtedness of the Guarantor and as a result thereof the Guarantor shall be in default at any one time in the payment of $5,000,000 of indebtedness, or any event of default under any conditional sales agreement, leveraged lease agreement, equipment trust agreement, or any other financing agreement or agreement relating to any indebtedness for borrowed money to which the Guarantor is a party shall occur and be continuing and as a result thereof the Guarantor is obligated to pay at any one time prior to the stated maturity thereof an aggregate amount of $5,000,000 of Funded Debt (as defined in Section 4.08 of the Covenant Agreement); or

G. default shall be made in the observance or performance of any of the covenants and agreements on the part of the Guarantor contained in the Guaranty Agreement or the Covenant Agreement (other than those set out in Sections 4.04 and 4.08 thereof) and such default shall continue for 30 days after written notice from the Owner-Trustee or the Trustee to the Lessee and the Guarantor specifying the default and demanding that the same be remedied; or

H. an event of default arising out of any action or inaction of the Lessee permitting the acceleration of the Lessee's obligations thereunder shall occur and be continuing under any conditional sales agreement, leveraged lease agreement, equipment trust agreement, or any other financing agreement or agreement relating to any indebtedness for borrowed money to which the Lessee is a party; provided, however, that an event of default under any conditional sales agreement, leveraged lease agreement, equipment trust agreement or any such other financing agreement or agreement relating to any indebtedness for borrowed money to which the Lessee is a party shall not constitute an Event of Default under this Lease to the extent that such event of default is with respect to any failure by the Lessee to pay when due any amounts in respect thereof and the Guarantor makes such payment or payments as to which the Lessee is in default as provided in such agreement or in any agreement

referred to therein; or

I. the Lessee shall be in default in its observance or performance of any of its covenants and agreements contained in Sections 3.01, 3.04, 3.10, 3.11 and 3.13 of the Covenant Agreement and concurrently therewith the Guarantor shall be in default in its observance or performance of any of its covenants and agreements contained in Sections 4.04 and 4.08 of the Covenant Agreement and such concurrent defaults shall continue for 30 days after written notice from the Owner-Trustee or the Trustee to the Lessee and the Guarantor specifying such defaults and demanding that the same be remedied; or

J. a decree or order shall have been entered by a court of competent jurisdiction adjudging the Lessee or the Guarantor a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of the Lessee or the Guarantor under the Bankruptcy Act, or any other Federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Lessee or the Guarantor (unless such decree or order shall have been discharged, stayed or otherwise rendered ineffective [but then only so long as such stay shall continue in force or such ineffectiveness shall continue]);

then, in any such case, the Owner-Trustee, 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 Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of the Units and subleases covering the Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from

any right of the Lessee or any sublessees of the Units, or their respective successors or assigns (the rights and interests of all sublessees of the Units being subordinate and junior to the rights of the Owner-Trustee and 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 Owner-Trustee 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 Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) 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 (2) the then present value of the rentals which the Owner-Trustee 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 6.05% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount with respect to each Unit equal to the excess, if any, of the Casualty Value thereof as of the rental payment date on or next preceding the date of termination over the amount the Owner reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) or (y)

of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee 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; provided, further, however, that the Owner-Trustee shall not be entitled to enforce the remedies provided in this subparagraph (b) with respect to an Event of Default specified in § 10(A) hereof as long as the Guarantor shall be in compliance with the provisions of the Guaranty Agreement; or

(c) direct sublessees of the Units to make all rental payments and to pay all other amounts and render all performances due to the Lessee under any subleases covering the Units to the Owner-Trustee and its successors or assigns hereunder, which direction shall be joined in by the Lessee.

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 Owner's or the Owner-Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Owner and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law.

The failure of the Owner-Trustee 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 and a waiver of any such right on one occasion shall not

constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Owner-Trustee.

The Lessee also agrees to furnish the Owner-Trustee, the Owner and the Trustee, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under the Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the applicable standards then in effect with respect to such Units under the Interchange Rules of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Owner-Trustee and there assembled;

(b) furnish and arrange for the Owner-Trustee to store such Units on any lines of railroad or premises approved by the Owner-Trustee until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee; and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Owner-Trustee upon any sale, lease or other disposal of all or any of the Units.

The performance of the foregoing covenant is of the essence of this Lease and upon application to any court having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee, requiring the specific performance thereof. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Owner-Trustee 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 any negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under the sentence. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Owner-Trustee and, if received by the Lessee, shall be promptly turned over to the Owner-Trustee. 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 Owner-Trustee for each day thereafter an amount equal to the amount, if any, by which 6.05% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Owner-Trustee on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee 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 Unit to the Owner-Trustee, 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.

§ 12. Assignment; Possession and Use. This Lease

shall be assignable in whole or in part by the Owner-Trustee without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Owner-Trustee other than the Trustee except upon written notice of such assignment from the Owner-Trustee. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and the Owner's and the Owner-Trustee's assigns.

So long as (i) no Event of Default, or an event which with notice or lapse of time or both could constitute an Event of Default, exists hereunder, (ii) the Lessee is complying with the provisions of the Consent, (iii) the Trustee is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment and (iv) the Lessee is fully complying with the provisions of this § 12, the Lessee shall be entitled to and shall have the exclusive use and possession of the Units. The Lessee agrees that the Units will be used exclusively within the continental United States, the State of Alaska, the Dominion of Canada and the Republic of Mexico. The Lessee shall at all times remain in compliance with the terms and provisions of this Lease in respect of each of the Units wherever located. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Unit; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Unit in accordance with the provisions set forth in the next succeeding paragraph of this § 12. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as (i) no Event of Default, or an event which with notice or lapse of time or both could constitute an Event of Default, exists hereunder, (ii) the Lessee is complying with the provisions of the Consent, (iii) the Trustee is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, and (iv) the Lessee is fully complying with the provisions of this § 12, the Lessee shall be entitled to sublease the Units pursuant to Subleases or any other sublease; provided, however, that (1) each such Sublease and

other sublease covering the Units and the rights and interests of the sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights, interests and remedies of the Owner-Trustee under this Lease and of the Trustee under the Security Document and their respective successors and assigns hereunder or thereunder, (2) the Lessee shall not without the prior written consent of the Owner-Trustee and the Trustee enter into any Sublease or other sublease relating to the use of the Units with any sublessee which is not a railroad company duly incorporated under the laws of the United States or any state thereof, and (3) no Units shall be used predominantly outside the United States of America within the meaning of section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor shall the Lessee sublease the Units to, or permit their use by, any person in whose hands such Units would not qualify as "section 38" property within the meaning of such Code.

So long as the Lessee shall not be in default under this Lease, each Unit may, under the terms of this Lease and pursuant to any Sublease or other sublease relating to the use of the Units, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any Sublease or other sublease relating to the use of the Units and other than an encumbrance resulting from claims against the Owner-Trustee or the Trustee not related to the ownership or leasing of, or the security interest of the Trustee in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Owner-Trustee, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Owner-Trustee, 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 this § 12.

Nothing in this § 12 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 specifically assumed the obligations of the Lessee hereunder, under the Participation Agreement, under the Covenant Agreement and under the Consent by an appropriate instrument in writing) 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 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 Participation Agreement or the Covenant Agreement and that the financial and credit risks of the transaction contemplated hereby shall not, in the reasonable opinion of the Owner-Trustee, become unsatisfactory as a consequence of such merger or consolidation or acquisition and that such merger or consolidation or acquisition shall not alter in any way Lessee's obligations to the Owner-Trustee hereunder which shall be and remain those of a principal and not a surety.

§ 13. Renewal Options and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than six months prior to the end of the original term or any extended term, as the case may be, of this Lease, elect to extend the term of this Lease in respect of Units then covered by this Lease, for three additional five-year periods commencing on the scheduled expiration of the original term or any extended term, as the case may be, of this Lease, at a "Fair Market Rental" payable in quarterly payments on the quarterannual anniversaries of the expiration of the original term, or any extended term, as the case may be, of this Lease; provided, however, that no such extended term shall extend beyond October 31, 2007.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a

deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Owner-Trustee and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental 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, 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 appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his appointment. If the parties shall have appointed a single appraiser the determination of Fair Market Rental of the single appraiser appointed shall be final. 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.

In the event that the Lessee shall in its reasonable judgment determine that it is not economically feasible for the Lessee to comply with the provisions of the second paragraph of § 9 hereof or clause (iii) of the first paragraph of § 14 hereof during any extended term of this Lease as extended pursuant to the provisions of the first paragraph of this § 13, with respect to any Unit, the Lessee shall have the right at its option, on at least 30 days' prior written notice to the Owner-Trustee to terminate this Lease as to such Unit (subject to the provisions for the survival of indemnification obligations contained in § 9 hereof) as of the next scheduled rental payment date during such extended term upon payment to the Owner-Trustee of the present value as of such date of termination of the remaining rental for such Unit during such extended term with the quarterannual

rentals discounted quarterannually at an annual rate of 6.05%.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Owner-Trustee elects to sell any Units to third parties at the expiration of the original or any extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of the term of this Lease. In the event that the Owner-Trustee shall receive, prior to the end of the then term of this Lease, a bona fide offer in writing from another party to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer at the expiration of the term of this Lease, the Owner-Trustee shall give written notice to the Lessee of such offer. Such notice shall be given to the Lessee on or prior to the end of the then term of this Lease, and shall include the price offered by the other party in writing to the Owner-Trustee. The Lessee shall have the sole right and option, for a period of 10 business days from the date of receipt of such notice, to elect to purchase the Units for cash at the price at which the Units are proposed to be sold. The Lessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Owner-Trustee or (ii) the end of the then term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Owner-Trustee until the date of such purchase.

§ 14. Return of Units upon Expiration of Term. On or prior to the termination of the original term or any extended term, as the case may be, of this Lease or as soon as practicable on or after the termination of the original term or any extended term, as the case may be, of this Lease and in any event not later than 60 days after the termination of the original term or any extended term, as the case may be, of this Lease with respect to Units not purchased by the Lessee, the Lessee will, at its own cost and expense, cause each such Unit to be transported (a) to any point within 500 miles of Chicago, Illinois, St. Louis, Missouri, Memphis, Tennessee or New Orleans, Louisiana, (b) to the lines of railroad or premises of the sublessee under the sublease permitted in § 12 hereof then covering such Unit or which

covered such Unit at the expiration of the term of this Lease as to such Unit, provided that such lines of railroad or premises are located within the continental United States, or (c) to such other point or points as shall be reasonably designated by the Lessee with the approval of the Owner-Trustee, and will arrange for the Owner-Trustee to store such Unit at such point for a period not exceeding 60 days from the date at which at least 75% of such Units are first placed in storage pursuant to this § 14, the assembly, delivery, storage and transporting of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of negligence or any intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at Lessee's expense any Part title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the applicable standards then in effect for such Unit under the Interchange Rules of the Association of American Railroads.

In connection with the return, pursuant to clause (a), (b) or (c) above, of Units as to which the original term or any extended term, as the case may be, of this Lease shall have expired, the Lessee may, after exercising best efforts to return such Units pursuant to the first paragraph of this § 14, substitute for any such Unit a replacement unit of Equipment of substantially identical type, quality, age,

specifications, material, usage and utility as the Unit for which such unit is so substituted (herein called a Replacement Unit) and the Replacement Unit shall be free and clear of all liens, encumbrances or rights of others whatsoever, shall comply with the applicable standards then in effect under the Interchange Rules of the Association of American Railroads, and the Lessee at its expense will promptly furnish the Owner-Trustee with a bill of sale in form and substance satisfactory to the Owner-Trustee with respect to the Replacement Unit; provided, however, that the Lessee's obligation to exercise best efforts to return the Units pursuant to the first paragraph of this § 14 shall, without limiting said obligation whatsoever, require that the Lessee shall return to the Owner-Trustee any Unit which at any time within 90 days immediately following the expiration of the original term or any extended term, as the case may be, of this Lease with respect to such Unit is in Lessee's possession or control within 500 miles of any city listed in clause (a) above, is not then subject to a sublease permitted in § 12 hereof, and is, or can be placed, in the condition specified in clauses (i), (ii) and (iii) of the first paragraph of this § 14. The Lessee shall provide the Owner-Trustee with such documentation as the Owner-Trustee may reasonably request to establish that the Lessee has exercised, or is exercising, its best efforts to redeliver the Units pursuant to this § 14.

In connection with the Owner-Trustee's sale of the Units so returned or any Replacement Units, the Owner-Trustee may warrant to a purchaser of such Units or Replacement Units that such Units or Replacement Units are owned by the Owner-Trustee free and clear of all liens, encumbrances, and rights of others, and the Lessee shall hold the Owner-Trustee harmless from and against any liability arising by virtue of said warranty other than for liability arising by virtue of liens against the Owner-Trustee not related to the ownership of the Units or Replacement Units.

If any Unit or Replacement Unit suffers a Casualty Occurrence during any storage period provided for in this § 14, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit or Replacement Unit as determined in accordance with § 7 hereof. All gross amounts earned in respect of any Unit or Replacement Unit shall, from and after the termination of this Lease as to such Unit or as to the Unit replaced by such Replacement Unit, belong to and be the property of the Owner-Trustee. In the event that by the 90th day after the termination of this Lease with respect to any

Units the Lessee has not, at the request of the Owner-Trustee, caused at least 90% of such Units (including any Replacement Units) to be transported to such point or points as provided in this § 14, the Lessee shall pay to the Owner-Trustee the per diem interchange multiplied by the number of Units equal to the difference between 90% of such Units and the number of Units and Replacement Units previously delivered pursuant to this § 14 (such number to be determined on each day) for each day from such 90th day to the date on which at least 90% of the Units (including any Replacement Units) have been so transported. If, after the termination of the 60-day storage period provided in this § 14, any Units or Replacement Units have not been so transported, the Lessee shall pay to the Owner-Trustee the per diem interchange for each Unit not so transported or replaced by a Replacement Unit for each day after the end of such storage period until each Unit or Replacement Unit has been so transported.

Commencing with the expiration of the original term or any extended term, as the case may be, of this Lease with respect to any Units, the Lessee will deliver to the Owner-Trustee Officer's Certificates (as that term is defined in the Security Document) in the manner described in the next succeeding sentence and to the effect that (a) no Event of Default or any event which with lapse of time or notice or both would constitute an Event of Default had occurred or was continuing as of such date; (b) no liens, charges, security interests or other encumbrances (except for any encumbrances resulting from any claims against the Owner-Trustee or the Owner) were, as of such date, imposed on or with respect to any such Unit or any Replacement Unit, any accession thereto, or the interest of the Owner-Trustee or the Owner therein; and (c) such Units and any Replacement Units have been returned to the Owner-Trustee pursuant to this § 14 in the same operating order, repair and condition required by the first or second paragraph of this § 14, as appropriate. The Officer's Certificate described in clause (a) in the preceding sentence shall be furnished on the expiration of the original term and any extended term of this Lease, and the Officer's Certificates described in clauses (b) and (c) in the preceding sentence shall be furnished on a monthly basis, beginning 30 calendar days after the expiration of the original term and any extended term of this Lease, and such Officer's Certificate shall cover each Unit and each Replacement Unit returned during the preceding 30 calendar days and shall apply to each such Unit or Replacement Unit as of the date

such Unit or Replacement Unit was returned pursuant to the provisions of the first or second paragraph of this § 14, as appropriate.

§ 15. Recording. The Lessee, at its sole cost and expense, will cause this Lease, the Security Document, the Lease Assignment, each Sublease and any other sublease relating to the use of Units, each Sublease Assignment, each Second Assignment and any assignment hereof or thereof to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, registering, deposit, and recording required of the Owner-Trustee under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Trustee for the purpose of proper protection, to their satisfaction, of the Owner-Trustee's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Document, the Lease Assignment, each Sublease Assignment and each Second Assignment.

The Lessee will promptly furnish to the Trustee and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Trustee and the Owner-Trustee.

§ 16. Obligations of Owner-Trustee Under Security Document; Additional Rentals. In the event that there are any expenses incurred or loss of principal (including interest accrued thereon at time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments made pursuant to Section 8.04 of the Security Document, the rentals thereafter payable by the Lessee in respect of Units settled for after such expenses or loss arose shall be increased by such amount as shall, in the reasonable opinion of the Owner, cause the Owner's net return (computed on the same assumptions as were utilized by the Owner in originally evaluating this transaction) to equal the net return that would have been realized by the Owner if such expenses or

loss had not arisen.

In the event that the Owner-Trustee shall become obligated to make any payment (other than payments in settlement for Equipment pursuant to the Security Document or the Purchase Order Assignment or payments or rentals required to be made in respect of the principal of or interest on the Trust Certificates) or to perform any obligations pursuant to the Security Document not covered by the provisions of this Lease, the Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Owner-Trustee's obligations (other than as aforesaid) pursuant to the Security Document shall be fully complied with, without regard for any limitation of liability of the Owner-Trustee contained in the Security Document.

§ 17. Owner-Trustee's Right To Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Owner-Trustee may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Owner-Trustee incurred in connection with such performance or compliance, together with interest on such amount at the rate of 10-1/2% per annum or such lesser amount as shall be legally enforceable, shall be payable by the Lessee upon demand.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 10-1/2% per annum on 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.

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

if to the Owner-Trustee, at Main Street at Broadway, Salt Lake City, Utah 84111, with a copy

to First Security Bank of Utah, National Association, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Department, Corporate Trust Division;

if to the Lessee, at Two Embarcadero Center, San Francisco, California 94111, attention of Vice President, Finance;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Trustee or the holders of the Trust Certificates regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 20. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee, the Lessee or Guarantor, or against the Owner or any other beneficiary of a trust for which the Owner-Trustee is acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by the Owner-Trustee, or for the purpose or with the intention of binding the Owner-Trustee personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Trust Agreement) and this Lease is executed and delivered by the Owner-Trustee solely in the exercise of the powers expressly conferred upon the

Owner-Trustee as Owner-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 the Owner-Trustee (except as provided in Section 4.01 of the Trust Agreement) or on account of any representation, undertaking or agreement of the Owner-Trustee, as Owner-Trustee (except as provided in Section 4.01 of the Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder, may look to said Trust Estate for satisfaction of the same.

§ 21. Severability; Effect and Modification of Lease. 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.

This Lease exclusively and completely states the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto, except the Participation Agreement, the Indemnity Agreement and the Covenant Agreement. 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 signatories for the Owner-Trustee and the Lessee.

§ 22. 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 Trustee shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, 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.

§ 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred

by Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

SSI RAIL CORP.,

by

_____
Vice President

[CORPORATE SEAL]

Attest:

_____
Secretary

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as Owner-Trustee,

by

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of SSI RAIL CORP., 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.

_____
Notary Public

[Notarial Seal]

My Commission Expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of First Security State Bank, that one of the seals affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

_____
Notary Public

[Notarial Seal]

My Commission Expires

Schedule A to the Lease

Type	Quantity	Company Car Numbers (Incl.)	Estimated Base Price	Total	Estimated Time of Delivery
70 ton, 50'6" Boxcars with 10' sliding doors and 10" end-of-car cushioning AAR Mechanical Designation XM	50	ADN 8100-8149	$31,285.94	$1,564,297	July 26, 1977

Schedule B to the Lease

Casualty Values*

Rental Payment Date	Percentage	Rental Payment Date	Percentage
October 31, 1977	105.0231	July 31, 1985	66.2431
January 31, 1978	107.9831	October 31, 1985	65.0235
April 30, 1978	109.7527	January 31, 1986	63.7750
July 31, 1978	109.8680	April 30, 1986	62.4968
October 31, 1978	109.4796	July 31, 1986	61.1884
January 31, 1979	108.8320	October 31, 1986	59.8489
April 30, 1979	108.3274	January 31, 1987	58.4776
July 31, 1979	108.0929	April 30, 1987	57.0737
October 31, 1979	107.6321	July 31, 1987	55.6366
January 31, 1980	106.9282	October 31, 1987	54.1653
April 30, 1980	106.2315	January 31, 1988	52.6592
July 31, 1980	105.4862	April 30, 1988	51.1173
October 31, 1980	104.7231	July 31, 1988	49.5388
January 31, 1981	97.2754	October 31, 1988	47.9229
April 30, 1981	96.4757	January 31, 1989	46.2687
July 31, 1981	95.6571	April 30, 1989	44.5751
October 31, 1981	94.8190	July 31, 1989	42.8415
January 31, 1982	93.9611	October 31, 1989	41.0666
April 30, 1982	93.0828	January 31, 1990	39.2497
July 31, 1982	92.1837	April 30, 1990	37.3896
October 31, 1982	91.2632	July 31, 1990	35.4855
January 31, 1983	83.6542	October 31, 1990	33.5361
April 30, 1983	82.6896	January 31, 1991	31.5405
July 31, 1983	81.7020	April 30, 1991	29.5122
October 31, 1983	80.6910	July 31, 1991	27.6597
January 31, 1984	79.6561	October 31, 1991	25.9378
April 30, 1984	78.5965	January 31, 1992	24.3592
July 31, 1984	77.5119	April 30, 1992	22.9255
October 31, 1984	76.4015	July 31, 1992	21.5342
January 31, 1985	68.5981	October 31, 1992	20.0000
April 30, 1985	67.4344		

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* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

SCHEDULE C
TO THE LEASE

INDEMNITY AGREEMENT dated as of July 15, 1977, between SSI RAIL CORP. (the Lessee) and VIKING YACHT COMPANY (the Lessor).

The Lessor has created a trust (the Trust) under the Trust Agreement dated as of the date hereof (the Trust Agreement) with First Security State Bank, as Trustee (the Owner-Trustee) and pursuant to the Trust Agreement has authorized and directed the Owner-Trustee, solely on behalf of the Trust, to enter into an Equipment Trust Agreement (the Security Document), dated as of the date hereof, between the Owner-Trustee and First Security Bank of Utah, National Association, as Trustee (the Trustee), providing for the leasing by the Owner-Trustee of certain units of railroad equipment (the Cars) therein described, and for the leasing by the Owner-Trustee to the Lessee pursuant to a Lease of Railroad Equipment (the Lease), dated as of the date hereof, between the Owner-Trustee and the Lessee, of the Cars.

WHEREAS, as an inducement to the Lessor, to direct the Owner-Trustee to enter into the Lease and to lease the Cars to the Lessee and as an inducement to the Lessor, to provide funds to the Owner-Trustee for a portion of the purchase price of the Cars, the Lessee agrees to indemnify the Lessor against the loss of certain benefits under the Lease;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the parties hereto hereby agree as follows:

1. The Lease has been entered into on the basis that the Lessor shall be entitled to such deductions, credits and other benefits as are provided to an owner of the Cars under the Internal Revenue Code of 1954, as amended (the Code), including, without limitation:

(a) the investment tax credit (Investment Credit) allowed by Section 38 and related Sections of the Code, in an amount equal to 10% of the aggregate Purchase Price of the Cars;

(b) the deduction for accelerated depreciation (Depreciation Deduction) on the Cars under Section 167 of the Code based upon 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;

(c) the deduction under Section 163 of the Code (Interest Deduction) in the full amount of any interest paid or accrued by the Lessor in accordance with the Lessor's method of accounting for tax purposes with respect to the indebtedness incurred by the Lessor in financing its purchase of the Cars.

(d) The parties also intend that the Lessor be entitled to the above deductions, credits and benefits to the extent allowable for state and local tax purposes.

2. If the Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to the Lessor, all or any portion of the Investment Credit, the Interest Deduction or the Depreciation Deduction as is provided to an owner of property with respect to the Cars (Loss), then, subject to the terms of Section 4 hereof, the Lessee after written request of the Lessor shall pay to the Lessor additional rent in an amount which, in the reasonable opinion of the Lessor, will cause the Lessor's net return over the term of the Lease in respect of such Cars to equal the net return that would have been available if the Lessor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction and the Depreciation Deduction with respect to such Cars, and the Lessee shall forthwith pay to the Lessor the amount of any interest which may be assessed

by the United States or any State against the Lessor attributable to the Loss. Such additional rent shall be paid commencing with the first periodic rental payment due after the Lessor notifies the Lessee of the required additional rent. In the event any additional rent is required to be paid pursuant to this Section 2, the Casualty Values set forth in the Lease shall be revised as necessary to preserve the net after-tax return on the Lessor's investment in the Cars as provided hereinabove.

3. For purposes of this Agreement, a Loss shall occur upon the earliest of (a) the happening of any event (such as a disposition or change in the use of any Cars) which may cause such Loss, (b) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (c) the adjustment of the tax return of the Lessor to reflect such Loss. The Lessor shall be responsible for, and shall not be entitled to a payment under this Agreement on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to the sale or other disposition (whether voluntary or involuntary) of the Cars, including the lease thereof by the Lessor, prior to any default by the Lessee, or (ii) a failure of the Lessor to timely or properly claim the Investment Credit, Interest Deduction or Depreciation Deduction for such Cars in the tax return of the Lessor, or (iii) a disqualifying change in the nature of the Lessor's business or the liquidation thereof, or (iv) a foreclosure by any person holding through the Lessor or the Owner-Trustee of a lien on such Cars, which foreclosure results solely from an act of the Lessor or the Owner-Trustee, or (v) any event which by the terms of the Lease requires payment by the Lessee of the Casualty Value of such Cars, or (vi) the failure of the Lessor to have sufficient liability for tax against which to apply such Investment Credit or taxable income against which to apply such Depreciation Deduction or Interest Deduction, or (vii) the failure of the Lessor to properly contest any such Loss pursuant to the terms of Section 4 hereof, or (viii) any other act solely of the Lessor or the Owner-Trustee which directly causes the Loss of all or part of the Investment Credit, Interest Deduction (including loss of any Interest Deduction due to prepayment pursuant to the Security Document) or the Depreciation Deduction; provided, however, that the execution and delivery of the Lease and other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms of the Lease and such other documents shall not be deemed to

have caused the Loss of such Investment Credit, Interest Deduction or the Depreciation Deduction under this Section 3.

4. In the event a claim shall be made by the Internal Revenue Service that the Investment Credit, Depreciation Deduction or Interest Deduction should be denied or disallowed, or recaptured, the Lessor agrees, except as hereinafter provided, (i) to promptly notify the Lessee in writing of such Loss, (ii) not to make payment of the tax claimed for at least 30 days after the giving of such notice, and (iii) to give the Lessee any relevant information relating to such Loss which may be particularly within the knowledge of the Lessor; and the Lessor further agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request from time to time, including administrative appeals, proceedings, hearings, and conferences with the Internal Revenue Service in respect of such claim and proceedings in the appropriate United States District Court, United States Court of Claims, or the United States Tax Court or equivalent state or local courts and agencies, including such appeals as are allowable from each such proceeding; provided that:

(a) within 30 days after notice by the Lessor to the Lessee of such claim, the Lessee shall make a request that such claim be contested;

(b) the Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims as the Lessor may elect, or contest such claim in the Tax Court of the United States, considering, however, in good faith, any request made by the Lessee concerning the manner of contesting the claim;

(c) prior to taking such action the Lessee shall have furnished the Lessor with an opinion of its tax counsel to the effect that a meritorious ground exists for resisting such claim and describing such ground; and

(d) the Lessee shall have indemnified the Lessor in a manner satisfactory to the Lessor for any liability or loss with regard to such claim which the Lessor may incur as the result of contesting such claim, and shall have agreed to pay the Lessor on demand all costs and expenses which the Lessor may incur in connection with contesting such claim including, without limitation, (i) reasonable attorneys' fees and accountants' fees and disbursements, (ii) the amount of any interest and penalties which may ultimately be payable to the United States Government as the result of contesting such claim, and (iii) in the event the Lessor shall, in connection with any such claim, pay the tax claimed and then seek a refund, reimburse the Lessor, on demand, an amount equal to the tax paid plus interest and penalties paid by the Lessor, if any.

If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall reasonably have requested the Lessor to contest such claim as above provided and shall have duly complied with all of the terms of this Section 4, the Lessee's liability under this Section 4, with respect to such Loss, shall become fixed upon final determination of the Lessor's liability for such Loss. In the event the Lessee does not request the Lessor to contest such claim as provided in this Section 4, the liability of the Lessee shall become fixed to the Lessor at the time the Lessor makes payment of the tax attributable to such Loss. In the event any such claim is contested, the Lessor shall prosecute such contest diligently and in good faith and shall keep the Lessee informed of the status thereof. Notwithstanding any provision to the contrary in this Section 4, the Lessor may elect not to contest any such claim, or to discontinue any proceedings previously commenced, and thereupon the Lessee shall be relieved of all liability to indemnify the Lessor with respect to the Loss involved in respect of such claim, and the Lessor shall reimburse the Lessee for all amounts paid by the Lessee under this Section 4.

In the event that the Lessor had paid the tax claimed and received reimbursement therefor from the Lessee and obtained a refund thereof from the government, such refund together with any interest paid by the government shall be paid to Lessee promptly after receipt thereof by the Lessor.

It is understood and agreed that nothing in this Section 4 shall be deemed to impose upon the Lessee any liability arising out of any claims other than those for which the Lessee has indemnified the Lessor pursuant to Section 2 hereof.

5. If the Investment Credit is increased with respect to the Cars, the rent and Casualty Values shall be adjusted on the following basis:

(a) The rent will be adjusted by utilizing 50% of any increase in the Investment Credit over the 10% rate in effect at the time the Lease was consummated in calculating Lessor's yield so as to provide Lessor with the same recovery of investment and after tax yield that it had on the transaction as calculated with the 10% Investment Credit.

(b) Casualty Values will be adjusted utilizing the new lease factor established in the above calculation and the full Investment Credit recognizing 100% of the increase over the 10% rate in effect at the time the Lease was consummated.

Notwithstanding the foregoing, adjustments in the applicable lease rates and Casualty Values shall not be required if the Lessor is not entitled to the increase in the Investment Credit due to an election made by the Lessor (or the federal taxpayer group of which Lessor is a part).

6. The Lessor and the Lessee agree that the obligations and liabilities (the Subordinated Obligations) of the Lessee under this Indemnity Agreement shall at all times and in all respects be subordinate and junior in right of payment to all indebtedness, obligations and liabilities (the Senior Obligations) of the Lessee under the Lease.

As a result of such subordination (i) in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Lessee, or the proceeds thereof, to creditors of the Lessee or upon any indebtedness of the Lessee occurring by reason of liquidation, dissolution or other winding up of the Lessee or by reasons of any execution sale, receivership, insolvency or bankruptcy proceedings or other proceedings for the reorganization or readjustment of the Lessee or its

debts or properties, then in any such event Senior Obligations shall be preferred in payment over Subordinated Obligations and such Senior Obligations shall be first paid and satisfied in full before any payment or distribution of any kind or character, whether in cash, property or securities (other than in securities, the payment of which is subordinated to Senior Obligations to the same extent as Subordinated Obligations), shall be made on or in respect of Subordinated Obligations; and in any event any payment, dividend or distribution (other than securities, the payment of which is also subordinated as aforesaid) of any kind or character which shall be made upon or in respect hereof shall be received and held in trust for the benefit of, and shall be paid over to the Trustee under the Security Document and any assignee under the Security Document of Senior Obligations, for application on Senior Obligations until the Senior Obligations have been fully paid; and (ii) during the continuance of any Event of Default (as defined in the Lease), no payment shall be made on Subordinated Obligations until the Senior Obligations have been fully paid.

No rights of the Trustee to enforce subordination as herein provided shall at any time or in any way be prejudiced or impaired by any failure to act on the part of the Lessee, or by any noncompliance by the Lessee with the terms, provisions and covenants of or relating to Subordinated Obligations or of or relating to the Senior Obligations, regardless of any knowledge thereof that the Trustee may have or with which it might otherwise be charged. The provisions of the preceding paragraphs are solely for the purpose of defining the relative rights of the Trustee in respect of Senior Obligations on the one hand, and the Lessor in respect of Subordinated Obligations on the other hand, and nothing herein shall impair, as between the Lessee and the Lessor, the obligation of the Lessee to pay to the Lessor the entire amount of the Subordinated Obligations in accordance with the terms and provisions hereof nor shall anything herein prevent the Lessor from exercising all remedies otherwise permitted by applicable law or hereunder upon default, subject to the rights, if any, of the Trustee in respect of Senior Obligations as herein provided for.

The Lessor by its execution hereof irrevocably constitutes and appoints the Trustee its true and lawful agent and attorney-in-fact to execute, verify, deliver and file any proof of claim, consents, assignments or other instruments which the Trustee may at any time require in

order to prove and realize upon any rights or claims pertaining to Subordinated Obligations and to effectuate the full benefit of the subordination contained herein.

7. All of the Lessor's rights and privileges arising from the indemnities contained in this Agreement shall survive the expiration or other termination of the Lease and such indemnities are expressly made for the benefit of and shall be enforceable by the Lessor, its successors and assigns.

8. All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for first-class mail pre-paid, addressed (a) if to the Lessor, at 300 Kings Highway East, Haddonfield, New Jersey 08033, Attention: Robert T. Healey, Esq., and (b) if to the Lessee, at Two Embarcadero Center, San Francisco, California 94111, Attention: President.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

10. This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed by their respective officers thereunto duly authorized.

VIKING YACHT COMPANY

By _____
Title: Vice President

SSI RAIL CORP.

By _____
Title: Vice President

SCHEDULE D
TO THE LEASE

GUARANTY AGREEMENT

GUARANTY AGREEMENT dated as of July 15, 1977, between ITEL CORPORATION, a Delaware corporation (hereinafter called the Guarantor) and First Security State Bank, not in its individual capacity but solely as Owner-Trustee (hereinafter called the Owner-Trustee) under a Trust Agreement dated as of the date hereof with Viking Yacht Company (hereinafter called the Beneficiary).

WHEREAS the Owner-Trustee and SSI Rail Corp. (hereinafter called the Lessee) are entering into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Owner-Trustee to the Lessee of certain units of railroad equipment (hereinafter called the Units);

WHEREAS the Lessee and the Beneficiary are entering into an Indemnity Agreement dated as of the date hereof (hereinafter called the Indemnity Agreement), pursuant to which the Lessee makes certain representations and warranties with respect to the Units and agrees to indemnify the Beneficiary under certain circumstances for the unavailability or loss of certain tax benefits; and

WHEREAS as an inducement to the Beneficiary to finance a portion of the purchase price of the Units, and as an inducement to the Owner-Trustee to lease the Units to the Lessee, the Guarantor agrees to guarantee as hereinafter provided all obligations and covenants of the Lessee under the Lease and the Indemnity Agreement;

NOW, THEREFORE, in consideration of the execution and delivery of the Lease and of other good and valuable consideration and the covenants hereinafter contained, the parties hereto agree as follows:

SECTION 1. Upon the failure of the Lessee to pay to the Owner-Trustee or the Beneficiary, as and when due, any sum of money, whether for rental, interest, fees, charges, indemnification to the Owner-Trustee or the Beneficiary, or otherwise, under the Lease or the Indemnity Agreement (all such sums being hereinafter collectively called Amounts,

and any portion thereof which is then due and unpaid by the Lessee being hereinafter called Defaulted Amounts), the Owner-Trustee may make a written demand upon the Guarantor to perform hereunder.

SECTION 2. The Guarantor hereby irrevocably and unconditionally agrees upon receipt of the demand referred to in Section 1 hereof to pay all sums of Defaulted Amounts required to be made by the Lessee pursuant to the Lease or the Indemnity Agreement to the Owner-Trustee or the Beneficiary, respectively, at the times and in the manner therein specified including any grace period with respect thereto specified in the Lease or the Indemnity Agreement, as though the Owner-Trustee had not exercised its option with respect to such Defaulted Amounts or any portion thereof to accelerate Amounts pursuant to the terms of the Lease or exercised its remedies thereunder and whether or not such option shall have been exercised; provided, however, that if the written demand referred to in Section 1 hereof shall specify that the Lessee has failed to make payment of any sum of money due and owing as a result of an Event of Default specified in (a) § 10(C) or § 10(J) of the Lease as such section relates directly to the Guarantor or (b) § 10(I) of the Lease, the Guarantor shall upon receipt of said notice pay to the Owner-Trustee at the times and in the manner specified in the Lease all sums of Defaulted Amounts, including any portion of said Defaulted Amounts due and owing by the Lessee as a result of the Owner-Trustee's having exercised its option to accelerate Amounts or having exercised its remedies with respect to such Event of Default pursuant to the Lease.

SECTION 3. The Guarantor's obligation to make such payments as provided in Section 2 hereof shall continue so long as and to the extent that the Lessee shall not make such payments and the Guarantor's obligation provided in Section 2 hereof shall be suspended over any period of time during which and to the extent that all regularly scheduled payments shall have been made timely by and on behalf of the Lessee, such suspension to begin in the calendar month in which any such payment is made by the Lessee. If the Owner-Trustee or the Beneficiary shall exercise its remedies under the Lease or the Indemnity Agreement, respectively, and any deficiency remains owing, as provided in the Lease or the Indemnity Agreement, the Guarantor agrees to continue to make payments under Section 2 to the extent necessary until such deficiency has been paid in full.

SECTION 4. All payments made by the Guarantor hereunder shall pro tanto discharge the Lessee of its obligation to pay the Amounts.

SECTION 5. Nothing in this Agreement shall be deemed or construed to impair, alter or modify any right or remedy the Owner-Trustee or the Beneficiary may have against the Lessee under the Lease or the Indemnity Agreement, respectively, including the Owner-Trustee's or the Beneficiary's right under the Lease or the Indemnity Agreement, respectively, to enforce its remedies under the Lease or the Indemnity Agreement, respectively.

SECTION 6. The Guarantor's obligations hereunder are independent of the obligations of the Lessee under the Lease and the Indemnity Agreement, and shall be unconditional, irrespective of the genuineness, validity, regularity or enforceability of the Lease or the Indemnity Agreement, or of any other circumstance which might otherwise constitute a discharge of the Guarantor from its obligations under this Agreement. A separate action or actions may be brought and prosecuted against the Guarantor whether action is brought against the Lessee or whether the Lessee is joined in any such actions, and the Guarantor waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof.

SECTION 7. The Guarantor authorizes the Owner-Trustee and the Beneficiary, without notice or demand and without affecting its liability hereunder, from time to time to (a) review, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, the Amounts or any part thereof; and (b) take and enforce any and all rights and remedies under the Lease, including the repossession, sale, exchange or other disposition of the Units or any other security for the payment of the Amounts without notice to the Guarantor and to waive or release any such Units or security.

SECTION 8. The Guarantor waives any right to require the Owner-Trustee or the Beneficiary to (a) proceed against the Lessee; (b) proceed against or exhaust any security held from the Lessee; or (c) pursue any other remedy within the Owner-Trustee's or the Beneficiary's power whatsoever. Until all the Amounts shall have been paid in full, the Guarantor shall have no right of subrogation, and waives any right to enforce any remedy which the Owner-Trustee or the Beneficiary now has or may hereafter have against

the Lessee, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Owner-Trustee or the Beneficiary. The Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Agreement.

SECTION 9. Until all the Amounts shall have been paid in full to the Owner-Trustee, the Guarantor shall maintain direct or indirect ownership of 100% of the Lessee's issued and outstanding capital stock and shall keep itself informed with respect to and apprised of the operations and financial condition of the Lessee. The Guarantor shall not create, permit or suffer to exist any lien, charge, security interest or other encumbrance on such capital stock.

SECTION 10. The Guarantor covenants and agrees that in the event that it should merge or consolidate with another corporation, the survivor of such merger or consolidation shall be a solvent corporation organized under the laws of the United States of America or a state thereof or the District of Columbia and such survivor (if not the Guarantor) shall not, upon consummation of such merger, be in default under any of the terms of this Agreement and shall have assumed in writing all the obligations and liabilities of the Guarantor hereunder.

SECTION 11. In the event that the Guarantor shall fail to make any payment required to be made by it under the provisions of Sections 2 and 3 hereof, the Owner-Trustee and the Beneficiary may, at their respective options, require the Guarantor to pay to the Owner-Trustee and the Beneficiary, without further notice or demand of any kind, all the Amounts then due and owing to the Owner-Trustee and the Beneficiary.

SECTION 12. The Owner-Trustee and the Beneficiary may assign all or any of their rights under this Agreement, including without limitation, the right to receive any Amounts 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 Owner-Trustee and the Beneficiary hereunder. The Guarantor hereby acknowledges notice of the fact that the Owner-Trustee concurrently with the execution of this Agreement is assigning its rights and interests hereunder (in so far as such rights and interests relate to the guaranty herein provided of the observance, payment and

performance of the Lessee's covenants, obligations and agreements under the Lease) to First Security Bank of Utah, National Association (hereinafter called the Trustee), as security for the obligations of the Owner-Trustee under an Equipment Trust Agreement dated as of June 15, 1977, between the Trustee and the Owner-Trustee.

SECTION 13. This Agreement shall be governed by and construed under the laws of the State of California.

SECTION 14. The Guarantor shall pay to the Owner-Trustee, on demand, the Owner-Trustee's costs, including attorney's fees, which may be incurred in the enforcement of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed as of the 15th day of July 1977.

ITEL CORPORATION,

by

_____
Vice President

Accepted as of July 15, 1977, by

FIRST SECURITY STATE BANK,
on behalf of itself, not in
its individual capacity but
solely as Owner-Trustee,
and on behalf of Viking Yacht
Company,

by

_____
Authorized Officer

SCHEDULE E
TO THE LEASE

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this day of , 197 , between SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("SSI"), as Lessor, and , , a corporation ("Lessee"), as Lessee.

1. Scope of Agreement

A. SSI agrees to lease to Lessee, and Lessee agrees to lease from SSI, boxcars and/or other railroad equipment of the types and descriptions as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto whether for boxcars or other railroad equiment, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Boxcars".

B. It is the intent of the parties to this Agreement that SSI shall at all times be and remain the lessor of all Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars as provided herein. The term of lease with respect to all of the Boxcars described on each Schedule shall be for fifteen (15) years commencing upon the date when all Boxcars on such Schedule have been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive

periods of twelve months each with respect to all of the Boxcars described on each Schedule, provided, however, that SSI or Lessee may terminate this Agreement as to all, but not fewer than all, of the Boxcars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. SSI will inspect each of the Boxcars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to SSI that the sample Boxcar which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and SSI's determination that the Boxcar conforms to the specifications ordered by SSI and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, SSI will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Boxcars shall be deemed delivered to Lessee upon acceptance by SSI. The Boxcars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by SSI as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, SSI can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to SSI the rent set forth in this Agreement. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Lessee (the "initial loading"), SSI agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and SSI, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. Lessee agrees that so long as it shall have on lease any Boxcars, it shall not lease boxcars from any other party until it shall have received all of the Boxcars on the Schedule or Schedules. Once Boxcars have been delivered to

Lessee, it shall then not lease boxcars from any other party until it shall have given SSI at least three (3) months' prior written notice of its desire to lease boxcars similar to the type on lease and SSI shall then have the opportunity to procure and lease such boxcars to Lessee subject to the terms and conditions of this Agreement and manufacturers' delivery schedules and at terms not less favorable to Lessee than those offered by such other parties. The foregoing, however, shall not be deemed to prohibit Lessee from leasing from other parties if SSI does not offer lease terms equal to or better than those offered by such other parties. Lessee shall give preference to SSI and shall load the Boxcars leased from SSI prior to loading boxcars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Boxcars may be leased from SSI by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by SSI and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Boxcars, the delivery of Boxcars to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to SSI and the mutual acknowledgment of the parties that the addition of such Boxcars is not likely to reduce utilization of all Boxcars on lease to Lessee to less than 87.5 per cent in any calendar quarter. If, due to the factors listed in the preceding sentence, fewer than all of the Boxcars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Boxcar of the most recent group of Boxcars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. SSI and Lessee agree that on or before delivery of any Boxcars to Lessee, said Boxcars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, SSI shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Boxcars. Such documents shall include but are not limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Boxcar leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. SSI shall, on behalf of Lessee, perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Boxcars shall be addressed to Lessee at such address as SSI shall select.

D. All record keeping performed by SSI hereunder and all record of payments, charges and correspondence related to the Boxcars shall be separately recorded and maintained by SSI in a form suitable for reasonable inspection by Lessee from time to time during regular SSI business hours. Lessee shall supply SSI with such reports, including daily telephone reports of the number of Boxcars on Lessee's tracks, regarding the use of the Boxcars by Lessee on its railroad line as SSI may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, SSI will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Boxcars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee while such Boxcar is in the physical possession of Lessee. Lessee shall inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to SSI for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to SSI for and during the lease term of each Boxcar all of its right, title and interest in any warranty in

respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by SSI at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to SSI.

B. Except as provided above, SSI shall make or cause to be made such inspections of, and maintenance and repairs to, the Boxcars as may be required. Upon request of SSI, Lessee shall perform any necessary maintenance and repairs to Boxcars on Lessee's railroad tracks as may be reasonably requested by SSI. SSI shall also make, at its expense, all alterations, modifications or replacement of parts, as shall be necessary to maintain the Boxcars in good operating condition throughout the term of the lease of such Boxcars. Lessee may make running repairs to facilitate continued immediate use of a Boxcar, but shall not otherwise make any repairs, alterations, improvements or additions to the Boxcars without SSI's prior written consent. If Lessee makes an alteration, improvement or addition to any Boxcar without SSI's prior written consent, Lessee shall be liable to SSI for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with SSI.

C. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules--Freight for cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Boxcars while on Lessee's railroad tracks by either obtaining insurance or maintaining a self insurance program which conforms to sound actuarial principles. If Lessee elects to carry insurance, it shall furnish SSI concurrently with the execution hereof and thereafter at intervals of not more than 12 calendar months with a certificate of insurance with respect to the insurance carried on the Boxcars signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and SSI (or its assignee) as their interests may appear.

D. SSI agrees to reimburse Lessee for all taxes, assessments and other govenmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Boxcar to Lessee or

which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. SSI shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. SSI and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. SSI shall review all applicable tax returns prior to filing.

6. Lease Rental

A. Lessee agrees to pay the following rent to SSI for the use of the Boxcars:

(i) SSI shall receive all payments made to Lessee by other railroad companies for their use or handling of the Boxcars, including but not limited to mileage charges, straight car hire payments and incentive car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "payments") if the utilization of all of the Boxcars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less than 90 per cent. For the purpose of this Agreement, utilization of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Boxcars, commencing from the initial loading, and the denominator of which is the aggregate number of days in each year that the Boxcars are on lease to Lessee, commencing from the initial loading (such term referred to as "utilization"). In addition, SSI will receive, as additional rental, all moneys earned by the Boxcars prior to their initial loading.

(ii) In the event utilization exceeds 90 percent in any calendar year, SSI shall receive an amount equal to the SSI Base Rental plus an amount equal to one-half of the payments earned in excess of the SSI Base Rental. For the purpose hereof, SSI Base Rental shall be an amount equal to the total payments for the calendar year multiplied by a fraction, the numerator of which is 90 percent and the denominator of which is the utilization for such calendar year. (The above determination of SSI Base Rental insures that Lessee will, if utilization is greater than 90 percent in any calendar year, receive one-half of all the payments made by other railroads for

use or handling of the Boxcars in excess of the SSI Base Rental.)

(iii) If SSI pays other railroads to move Boxcars in accordance with Section 3A hereof, except for any payments incurred to deliver such Boxcars to Lessee's railroad line, Lessee shall reimburse SSI for such payments only from and out of the monies received by Lessee pursuant to subsection 6A(ii) hereof.

(iv) The rental charges payable to SSI by Lessee shall be paid from the payments received by Lessee in the following order until SSI receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges; and (4) other.

(v) In the event damage beyond repair or destruction of a Boxcar has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules--Freight and the appropriate amount due as a result thereof is received by SSI, said damaged or destroyed Boxcar will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

B. The calculations required above shall be made within five months after the end of each calendar year. However, to enable SSI to meet its financial commitments, SSI may, prior to such calculations, retain the payments received by it on behalf of Lessee. However, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due SSI, SSI shall within three months after the end of each calendar quarter calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

C. In the event utilization in any calendar quarter is less than 87.5 percent or if at any time during a calendar quarter the number of days that the Boxcars have not earned car hire payments is such as to make it mathematically certain that the utilization cannot be equal to or greater than 87.5 percent, SSI may, at its option and

upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Boxcars as SSI shall determine.

D. SSI may, at its option, terminate this Agreement if the ICC shall, at any time, (1) issue an order reducing incentive car hire for Boxcars on an annual basis to three months or less without a corresponding increase in straight car hire or other moneys available to both SSI and Lessee at least equal in amount to such reduction, (2) determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or (3) require that Lessee spend funds not earned by the Boxcars in order for Lessee to continue to meet its obligations set forth in this section.

E. Subsequent to the initial loading, if any Boxcar remains on Lessee's railroad tracks for more than seven consecutive days, SSI may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Boxcar and withdraw such Boxcar from Lessee's railroad tracks. If any such Boxcar remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Boxcars as specified in Section 3B, Lessee shall be liable for and remit to SSI an amount equal to the car hire revenues Lessee would have earned if such Boxcars were in the physical possession and use of another railroad for the entire period.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Boxcars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by SSI in connection with the acquisition of Boxcars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing

agreement, such party may require that all rent shall be made directly to such party and/or that the Boxcars be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either SSI or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreeement or any of the Schedules hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an Event of Default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within ten days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant or condition of this Agreement, which is not cured within ten days thereafter.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver

or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state.

B. Upon the occurrence of any event of default, SSI may, at its option, terminate this Agreement and may

(i) proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear SSI's costs and expenses, including reasonable attorneys' fees, in securing such enforcement), or

(ii) by notice in writing to Lessee, terminate Lessee's right of possession and use of the Boxcars, whereupon all right and interest of Lessee in the Boxcars shall terminate; and thereupon SSI may enter upon any premises where the Boxcars may be located and take possession of them and thenceforth hold, possess and enjoy the same free from any right of Lessee. SSI shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to that date.

9. Termination

At the expiration or termination of this Agreement as to any Boxcars, Lessee will surrender possession of such Boxcars to SSI by delivering the same to SSI. A Boxcar shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by SSI, either, at the option of SSI, (1) by Lessee upon return of such Boxcars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such

Boxcar. If such Boxcars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Boxcars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by SSI. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Boxcars and place thereon such markings as may be designated by SSI. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to thirty (30) days' free storage on its railroad tracks for SSI or the subsequent lessee of any terminated Boxcar. If any Boxcar is terminated pursuant to subsections 6C or 6E or section 8 prior to the end of its lease term, Lessee shall be liable to SSI for all costs and expenses incurred by SSI to repaint the Boxcars and place thereon the markings and name or other insignia of SSI's subsequent lessee.

10. Indemnities

SSI will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Boxcars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Boxcars other than loss or physical damage (unless occurring through the fault of Lessee), including without limitation the construction, purchase and delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by SSI or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present

business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to SSI in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the lessee to perform its obligations under this Agreement.

(v) Lessee has during the years 1964-1968 neither leased nor purchased any boxcars.

12. Inspection

SSI shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify SSI of any accident connected with the malfunctioning or operation of the Boxcars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify SSI in writing within five (5) days after any attachment, tax lien or other judi-

cial process shall attach to any Boxcar. Lessee shall furnish to SSI promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of SSI assign this Agreement or any of its rights hereunder or sublease the Boxcars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by SSI in connection with the acquisition of the Boxcars in order to confirm the financing party's interest in and to the Boxcars, this Agreement and Schedules hereto and to confirm the provisions contained in Section 7 hereof and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Boxcars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Boxcars except as a lessee only.

D. No failure or delay by SSI shall constitute a waiver or otherwise affect or impair any right, power or remedy available to SSI nor shall any waiver or indulgence by SSI or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when deliverd personally or when deposited in the United States mail, postage prepaid, cer-

tified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SSI RAIL CORP.,

by

_____

Title:

Date:

by

_____

Title:

Date:

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of , before me personally appeared , to me personally known, who being by me duly sworn says that such person is of , that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of , before me personally appeared , to me personally known, who being by me duly sworn says that such person is of SSI Rail Corp., that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Notary Public

SCHEDULE F
TO THE LEASE

SUBLEASE ASSIGNMENT and AGREEMENT dated as of , 197 (hereinafter called this Assignment), by and between SSI Rail Corp., a Delaware corporation (hereinafter, together with its successors and assigns, called SSI) and FIRST SECURITY STATE BANK, not in its individual capacity but solely as Owner-Trustee (hereinafter called the Owner-Trustee).

WHEREAS SSI has entered into a Lease of Railroad Equipment dated as of July 15, 1977 (hereinafter, together with any amendments and supplements thereto, called the Agreement);

WHEREAS SSI and (hereinafter called the Lessee) have entered into a Sublease (as defined in the Agreement) dated as of , 19 , (hereinafter, together with any amendments and supplements thereto, called the Lease), providing for the leasing by SSI to the Lessee of certain Units (as defined in the Agreement);

WHEREAS the Lease may also cover the leasing to the Lessee of equipment other than Units; and

WHEREAS in order to provide security for the obligations of SSI under the Agreement and as an inducement to the party for which First Security State Bank is acting as Owner-Trustee to pay a portion of the Purchase Price (as defined in the Agreement) of the Units, SSI agrees to assign for security purposes its rights in, to and under the Lease to the Owner-Trustee as and only to the extent that the Lease relates to Units;

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

1. SSI hereby assigns, transfers and sets over unto the Owner-Trustee, as collateral security for the payment and performance of SSI's obligations under the Agreement, all of SSI's right, title and interest, powers, privileges and other benefits under the Lease as and only to the extent that the Lease relates to Units, including, without limitation, all rights to receive and collect all rentals, profits and

other sums payable to or receivable by SSI from the Lessee under or pursuant to the provisions of the Lease to the extent that the same are payable in respect of Units, whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Payments); provided, however, that until an Event of Default under the Agreement, or any event which with notice or lapse of time or both, could constitute such an Event of Default, shall occur, it is understood that SSI shall be entitled to collect and receive all such Payments and 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 apply all Payments to which SSI is entitled to the payment of any and all of SSI's obligations under the Agreement. In furtherance of the foregoing assignment, but subject to the foregoing provisions of this paragraph, SSI hereby irrevocably authorizes and empowers the Owner-Trustee in its own name, or in the name of its nominee, or in the name of SSI or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which SSI is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Whenever a Lease covers other equipment not included as part of the Units and the amount of any payment due to SSI under such Lease as car hire payments (including both straight and incentive per diem), mileage charges or other rental revenues is calculated on an aggregate basis for all equipment leased thereunder, for the purposes of this Assignment an amount equal to the Assigned Fraction (as hereinafter defined) of each such payment shall be deemed to be payable with respect to the Units leased under such Lease. The term "Assigned Fraction" as used herein shall mean a fraction the numerator of which shall be the number of Units leased under such Lease and the denominator of which shall be the aggregate number of units of equipment (including the Units) at the time leased under such Lease.

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

3. To protect the security afforded by this Assignment, SSI agrees as follows:

(a) SSI will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by SSI.

(b) At SSI's sole cost and expense, SSI will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of SSI under the Lease.

(c) Should SSI fail to make any payment or to do any act which this Assignment requires SSI to make or do, then the Owner-Trustee, but without obligation so to do, after first making written demand upon SSI and affording SSI a reasonable period of time within which to make such payment or do such act, but without releasing SSI from any obligation hereunder, may make or do the same in such manner and to such extent as the Owner-Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Owner-Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of SSI contained in the Lease; and in exercising any such powers, the Owner-Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and SSI will reimburse the Owner-Trustee for such costs, expenses and fees.

4. Upon the full discharge and satisfaction of all of SSI's obligations under the Agreement and this Assignment, all rights herein assigned to the Owner-Trustee shall terminate, and all estate, right, title and interest of the Owner-Trustee in and to the Lease shall revert to SSI.

5. SSI 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 Owner-Trustee in order to confirm or further assure, the interests of the Owner-Trustee hereunder.

6. The Owner-Trustee 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 Owner-Trustee hereunder. SSI hereby acknowledges notice of the fact that the Owner-Trustee concurrently with the execution of this Assignment is assigning its rights and interests hereunder to First Security Bank of Utah, National Association (hereinafter called the Trustee), as security for the obligations of the Owner-Trustee under an Equipment Trust Agreement dated as of March 15, 1977, between the Trustee and the Owner-Trustee.

7. This Assignment shall be governed by the laws of the State of Utah, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

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

SSI RAIL CORP.,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as Owner-Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of 19 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of SSI RAIL CORP., 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 By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 19 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank 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 bank.

Notary Public

[Notarial Seal]

My Commission expires

ANNEX A
TO SUBLEASE
ASSIGNMENT

REASSIGNMENT OF SUBLEASE dated as of , 197 (hereinafter called this Agreement), by and between FIRST SECURITY STATE BANK, not in its individual capacity but solely as Owner-Trustee (hereinafter called the Owner-Trustee) and FIRST SECURITY BANK OF UTAH, National Association, not in its individual capacity but solely as Trustee (hereinafter called the Trustee).

WHEREAS SSI Rail Corp. (hereinafter called SSI) has assigned to the Owner-Trustee certain of its rights and interests under the Sublease therein described (hereinafter called the Sublease), pursuant to a Sublease Assignment and Agreement dated as of the date hereof (hereinafter called the Assignment) between SSI and the Owner-Trustee, as collateral security for the performance of the obligations of SSI under a Lease of Railroad Equipment (hereinafter called the Lease), dated as of July 15, 1977, between SSI and the Owner-Trustee; and

WHEREAS in order to provide security for the obligations of the Owner-Trustee under an Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement), dated as of July 15, 1977, between the Trustee and the Owner-Trustee, and as an inducement to the investors for which the Trustee is acting as Trustee to purchase Trust Certificates (as that term is defined in the Equipment Trust Agreement), the Owner-Trustee agrees to assign for security purposes its rights in, to and under the Assignment to the Trustee;

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

1. The Owner-Trustee hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of the Owner-Trustee's obligations under the Equipment Trust Agreement, all of the Owner-Trustee's right, title and interest, powers, privileges and other benefits under the Assignment including, without limitation, all rights to receive and collect all rentals, profits and other sums payable to or receivable by the Owner-Trustee under the Sublease pursuant to the provisions of the Assign-

ment, whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Payments); provided, however, that until an Event of Default under the Equipment Trust Agreement, or any event which with notice or lapse of time or both, could constitute such an Event of Default, shall occur, it is understood that the Owner-Trustee shall be entitled to collect and receive all such Payments and 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 Sublease, and to apply all Payments to which the Owner-Trustee is entitled under the Assignment to the payment of any and all of the Owner-Trustee's obligations under the Equipment Trust Agreement. In furtherance of the foregoing assignment, but subject to the foregoing provisions of this paragraph, the Owner-Trustee hereby irrevocably authorizes and empowers the Trustee in its own name, or in the name of its nominee, or in the name of the Owner-Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Owner-Trustee is or may become entitled under the Assignment, and to enforce compliance by SSI with all the terms and provisions thereof.

2. To protect the security afforded by this Agreement, the Owner-Trustee agrees that, should the Owner-Trustee fail to make any payment or to do any act which this Agreement requires the Owner-Trustee to make or do, then the Trustee, but without obligation so to do, after first making written demand upon the Owner-Trustee and affording the Owner-Trustee a reasonable period of time within which to make such payment or do such act, but without releasing the Owner-Trustee from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Owner-Trustee will reimburse the Trustee for such costs, expenses and fees.

3. Upon the full discharge and satisfaction of all of the Owner-Trustee's obligations under the Equipment Trust Agreement and this Agreement, all rights herein assigned to the Trustee shall terminate, and all estate, right, title and

interest of the Trustee in and to the Assignment shall revert to the Owner-Trustee.

4. The Owner-Trustee 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 Trustee in order to confirm or further assure, the interests of the Trustee hereunder.

5. If an Event of Default shall occur and be continuing under the Equipment Trust Agreement, the Trustee may assign all or any of the rights assigned to it hereby or arising under the Sublease and the Assignment, 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 Trustee hereunder. The Trustee will give written notice to SSI, the Owner-Trustee and the lessee under the Sublease of any such assignment.

6. This Agreement shall be governed by the laws of the State of Utah, but the parties hereto shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

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

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as Owner-Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH,
National Association, not in its
individual capacity but solely as
Trustee,

by _____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 19 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank 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 bank.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 19 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association 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 national banking association.

_____
Notary Public

[Notarial Seal]

My Commission expires

Annex II to the
Equipment Trust Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of July 15, 1977 (hereinafter called this Assignment), by and between FIRST SECURITY STATE BANK, not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the Owner-Trustee) under a Trust Agreement dated as of the date hereof, with VIKING YACHT COMPANY (hereinafter called the Owner), and FIRST SECURITY BANK OF UTAH, National Association, not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the Trustee).

WHEREAS the Owner-Trustee and the Trustee have entered into an Equipment Trust Agreement dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the Security Document);

WHEREAS the Owner-Trustee and SSI Rail Corp. (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, called the Lease), providing for the leasing by the Owner-Trustee to the Lessee of certain units of railroad equipment (hereinafter called the Units);

WHEREAS ITEL Corporation (hereinafter called the Guarantor) has entered into a Guaranty Agreement dated as of the date hereof (hereinafter called the Guaranty Agreement) with the Owner-Trustee, pursuant to which the Guarantor guarantees, inter alia, the observance, payment and performance of certain covenants, obligations and agreements of the Lessee under the Lease; and

WHEREAS, in order to provide security for the obligations of the Owner-Trustee under the Security Document and as an inducement to the Purchasers referred to in the Security Document (hereinafter called the Purchasers) to purchase the Equipment Trust Certificates to be issued pursuant to the Security Document (hereinafter called the Equipment Trust Certificates), the Owner-Trustee agrees to assign for security purposes its rights in, to and under the Lease and the Guaranty Agreement insofar as the Guaranty Agreement provides a guaranty of the observance, payment and performance of the

Lessee's covenants, obligations and agreements under the Lease;

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

1. Subject to the provisions of Paragraph 10 hereof, the Owner-Trustee hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of the Owner-Trustee's obligations under the Security Document, all the Owner-Trustee's right, title and interest, powers, privileges, and other benefits under the Lease and the Guaranty Agreement insofar as the Guaranty Agreement provides a guaranty of the observance, payment and performance of the Lessee's covenants, obligations and agreements 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 Owner-Trustee from the Lessee or the Guarantor under or pursuant to the provisions of the Lease or the Guaranty Agreement, whether as rent, casualty payment, indemnity (except sums which by the express terms of the Lease are payable directly to the Owner or Owner-Trustee pursuant to § 6 and § 9 of the Lease), 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 Owner-Trustee is or may become entitled to do under the Lease or the Guaranty Agreement. In furtherance of the foregoing assignment, the Owner-Trustee hereby irrevocably authorizes and empowers the Trustee in its own name, or in the name of its nominee, or in the name of the Owner-Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Owner-Trustee is or may become entitled under the Lease or the Guaranty Agreement, and to enforce compliance by the Lessee or the Guarantor with all the terms and provisions thereof.

The Trustee agrees to accept any Payments made by the Lessee or the Guarantor for the account of the Owner-Trustee pursuant to the Lease or the Guaranty Agreement. To the extent received, the Trustee will apply such Payments to satisfy the obligations of the Owner-Trustee under the Security Document due and payable on the date such Payments

were due and payable under the Lease or the Guaranty Agreement, and any balance held by the Trustee hereunder for the account of the Owner-Trustee shall be deemed to be held in trust for the Owner-Trustee and shall be paid immediately to and retained by the Owner-Trustee. If the Trustee shall not receive any rental payment under the first paragraph of § 3 of the Lease or any payment of Casualty Values under § 7 of the Lease when due, the Trustee shall promptly notify the Owner-Trustee by telegraphic communication at the address set forth in the Lease. Failure to so notify the Owner-Trustee shall not affect the rights and remedies of the Trustee hereunder or under the Security Document.

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

3. To protect the security afforded by this Assignment, the Owner-Trustee agrees as follows:

(a) The Owner-Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease or the Guaranty Agreement provides are to be performed by the Owner-Trustee; without the written consent of the Trustee, the Owner-Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder or the Guarantor under the Guaranty Agreement, of or from the obligations, covenants, conditions and agreements to be performed by the Lessee or the Guarantor which are intended to satisfy the obligations of the Owner-Trustee under the Security Document, including, without limitation, the obligation to make the payments in the manner and at the time and place specified therein or enter into any agreement so amending, modifying or terminating the Lease or the Guaranty Agreement, and the Owner-Trustee agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Owner-Trustee fail to make any payment or to do any act which this Assignment requires the Owner-Trustee to make or do, then the Trustee, but without obligation so to do, after first making written demand upon the Owner-Trustee and affording the Owner-Trustee a reasonable period of time within which to make such payment or do such act, but without releasing the Owner-Trustee from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Owner-Trustee contained in the Lease and the Guaranty Agreement; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Owner-Trustee will reimburse the Trustee for such costs, expenses and fees; provided, however, that the obligations of the Owner-Trustee to make reimbursements under this Paragraph 3 are subject to the last paragraph of Section 4.04 of the Security Document.

4. Subject to the provisions of Paragraph 10 hereof, the Owner-Trustee does hereby constitute the Trustee the Owner-Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Owner-Trustee, or otherwise), to demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease or the Guaranty Agreement, to which the Owner-Trustee is or may become entitled, to enforce compliance by the Lessee and the Guarantor with all the terms and provisions of the Lease and the Guaranty Agreement, respectively, 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 Trustee may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Owner-Trustee's obligations under the Security Document, this Assignment and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease and the Guaranty Agreement shall revert to the Owner-Trustee without further act or deed, but the Trustee shall execute and deliver such documents as the Owner-Trustee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. The Owner-Trustee will, from time to time, do and perform any other act and will execute, acknowledge, and deliver any and all further instruments required by law or reasonably requested by the Trustee in order to confirm or further assure, the interests of the Trustee hereunder.

7. The Trustee may assign all or any of the rights assigned to it hereby or arising under the Lease or the Guaranty Agreement, 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 Trustee hereunder. The Trustee will give written notice to the Owner-Trustee, the Lessee and the Guarantor of any such assignment.

8. This Assignment shall be governed by the laws of the State of Utah, but the parties hereto shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

9. The Owner-Trustee shall cause copies of all notices received in connection with the Lease and the Guaranty Agreement and all Payments to be promptly delivered or made to the Trustee at its address set forth in Section 9.05 of the Security Document, or at such other address as the Trustee shall designate.

10. The Trustee hereby agrees with the Owner-Trustee that, so long as no Event of Default, or any event which with lapse of time or notice or both would constitute such an Event of Default, under the Security Document has occurred and is then continuing, the Trustee will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Owner-Trustee to the Trustee 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 Security Document, the Owner-Trustee may, so long as no Event of Default under the Security Document has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges, and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, the Owner-Trustee shall not, without the prior written consent of the Trustee, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

11. No recourse shall be had in respect of any obligation due under this Assignment, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee, the Trustee, any holder of the Equipment Trust Certificates or the Owner, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, or beneficiaries being forever released as a condition of and as consideration for the execution of this Assignment.

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

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as Owner-Trustee,

by

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH,
National Association, not in
its individual capacity but
solely as Trustee,

by

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank 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 bank.

Notary Public

[NOTARIAL SEAL]

My Commission Expires 11-18-79

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

CONSENT AND AGREEMENT

SSI Rail Corp., a Delaware corporation (hereinafter called the Lessee) and ITEL Corporation, a Delaware corporation (hereinafter called the Guarantor), each hereby (a) acknowledges receipt of a copy of the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment) and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and subsequent holders of equipment trust certificates (hereinafter called the Trust Certificates) to be issued pursuant to the Equipment Trust Agreement (hereinafter called the Security Document), dated as of the date hereof, between First Security State Bank, as trustee (hereinafter called the Owner-Trustee), and First Security Bank of Utah, National Association, as trustee (hereinafter called the Trustee) (a copy of which Security Document has been delivered to the undersigned), pursuant to which the Owner-Trustee is partially financing the purchase of the units of railroad equipment (hereinafter called the Units) being leased by the Owner-Trustee to the Lessee pursuant to a Lease of Railroad Equipment (hereinafter called the Lease), dated as of the date hereof, between the Lessee and the Owner-Trustee, the obligations of the Lessee under which are being guaranteed by the Guarantor pursuant to a Guaranty Agreement (hereinafter called the Guaranty Agreement), dated as of the date hereof, between the Guarantor and the Owner-Trustee, and in consideration of other good and valuable consideration, the Lessee hereby agrees in respect of the Lease and the Guarantor hereby agrees in respect of the Guaranty Agreement:

(1) subject to the terms and conditions of the Assignment, to pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease or the Guaranty Agreement, as the case may be (which moneys are hereinafter called the Payments) due and to become due to the Owner-Trustee under the Lease or the Guaranty Agreement, as the case may be, in respect of the Units leased under the Lease, directly to the Trustee to be applied as provided in the Security Document, to its address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Department, Corporate Trust Division (or to such other address as may be furnished in writing to the undersigned by the Trustee);

(2) subject to the terms and conditions of the Assignment, that the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the Lessee under the Lease and by the Guarantor under the Guaranty Agreement, as though the Trustee were named therein as the Owner-Trustee;

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

(4) that the Lease or the Guaranty Agreement, as the case may be, shall not, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the Lessee or the Guarantor, as the case may be, the taking or omission of which might result in any alteration or impairment of the obligations of the Lessee under the Lease or of the Guarantor under the Guaranty Agreement which are intended to satisfy the obligations of the Owner-Trustee under the Security Document, the obligations of the Owner-Trustee under the Assignment or the obligations of the Lessee or the Guarantor, as the case may be, under this Consent and Agreement or of any of the rights created by any thereof.

The Lessee further agrees (i) to execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Security Document and (ii) to do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of

California and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of July 15, 1977

SSI RAIL CORP.,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

ITEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

Accepted:

FIRST SECURITY BANK OF UTAH, National Association, not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of SSI RAIL CORP., that the seal 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.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of 1977, before me personally appeared to me personally known, who, being by me duly sworn, says that he is a Vice President of ITEL CORPORATION, that the seal 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.

Notary Public

[NOTARIAL SEAL]

My Commission Expires