7-208 A070

No.

Date JUL 27 '77

Fee $100

ICC Washington D

SSI
RAIL CORP.

8905
RECORDATION NO. ..... Filed & Recorded
JUL 27 1977-9 20 AM
INTERSTATE COMMERCE COMMISSION

July 20, 1977

8905-B
RECORDATION NO. ..... Filed & Recorded
JUL 27 1977-9 20 AM
INTERSTATE COMMERCE COMMISSION

Hon. H. G. Homme
Acting Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission are the following documents:

~~Seven (7)~~ Six(6) executed copies of a Lease of Railroad Equipment (No. 4) dated as of July 15, 1977, between SSI Rail Corp., Two Embarcadero Center, San Francisco, California, 94111, and First Security State Bank, 79 South Main Street, Salt Lake City, Utah, 84111, acting not in its individual capacity, but solely as Trustee under a Trust Agreement with Viking Yacht Company.

~~Fourteen (14)~~ Twelve(12) Six(6) Complete copies of a Purchase Order Assignment dated as of July 15, 1977, among SSI Rail Corp., ACF Industries, Incorporated, 750 Third Avenue, New York, New York, 10017, and First Security State Bank, not in its individual capacity, but solely as Owner-Trustee under a Trust Agreement with Viking Yacht Company. ~~Seven (7)~~ Six(6) of these copies have been executed by First Security State Bank and SSI and ~~seven (7)~~ Six(6) copies have been executed by ACF Industries, Incorporated.

These documents cover the following equipment:

50 70-ton, 50'6", general purpose boxcars with 10" end-of-car cushioning (AAR Mechanical Designation XM), bearing the identifying numbers ADN 8100 to ADN 8149, inclusive.

Identifying marks on all of the foregoing equipment: The words, "OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20C," printed on each side of each unit.

(1)

Larry D Utterback

Certified

RECEIVED JUL 27 9 01 PM I.C.C. FEE OPERATION

TWO EMBARCADERO CENTER SAN FRANCISCO, CALIFORNIA 94111 (415) 983-0123
TELEX 34-234 CABLE SSI
SUBSIDIARY OF THE ITEL CORPORATION

Also enclosed is our check in the sum of $100.00, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing documents.

This equipment is being acquired by SSI under the Lease of Railroad Equipment being filed herewith. SSI will, in turn, lease the equipment to the Ashley Drew & Northern Railway Company pursuant to that certain Lease Agreement dated as of March 29, 1977, filed with the ICC on May 27, 1977 at 1:45 p.m. and assigned recordation number 8837. Therefore, we respectfully request that the documents submitted herein be cross-referenced to the aforementioned Lease Agreement.

The Lease of Railroad Equipment (No. 4) is guaranteed by the parent of SSI, ITEL Corporation, One Embarcadero Center, San Francisco, California, 94111.

Please return all additional copies of the enclosed counterparts not required by the Interstate Commerce Commission to the party delivering this letter on our behalf.

Very truly yours,

Martin D. Goodman
Secretary

MDG:md
Enc.

RECORDATION NO. 9975-B Filed & Recorded

JUL 27 1977-9 20 AM

INTERSTATE COMMERCE COMMISSION

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.

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

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 20th day of July 1977, before me personally appeared Donald H. Hecht, 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.

Terry L. Russell
Notary Public

[Notarial Seal]

My Commission Expires

OFFICIAL SEAL
TERRY L. RUSSELL
Notary Public - California
San Francisco County
My Commission Expires May 10, 1980

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

On this 22nd day of July 1977, before me personally appeared Jay D. Knudsen, 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.

Susan L. Hansard
Notary Public

[Notarial Seal]

My Commission Expires

My commission expires June 6, 1981

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 governmental 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

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