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INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of April 1, 1973

between

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

as Lessee

and

BECHTEL CONSTRUCTORS, INCORPORATED

as Lessor

TABLE OF CONTENTS

SECTION	HEADING	PAGE
Parties		1
1.	Delivery and Acceptance of Units	1
2.	Rentals	2
3.	Term of Lease	3
4.	Identification Marks	4
5.	Taxes	4
6.	Payment for Casualty Occurrences, Insurance	6
7.	Annual Reports	8
8.	Disclaimer of Warranties; Compliance with Laws and Rules, Maintenance; Indemnification	8
9.	Default	10
10.	Return of Units Upon Default	14
11.	Assignment; Possession and Use	15
12.	Purchase and Renewal Option	17
13.	Return of Units Upon Expiration of Term	18
14.	Opinion of Counsel	19
15.	Recording; Expenses	20
16.	Federal Income Taxes	21
17.	Interest on Overdue Rentals	28
18.	Notices	28
19.	Severability; Effect and Modification of Lease	29
20.	Execution	29

TABLE OF CONTENTS (continued)

SECTION	HEADING	PAGE
21.	Law Governing	29

Attachments to Lease of Railroad Equipment:

Schedule A - Description of Equipment

LEASE OF RAILROAD EQUIPMENT dated as of April 1, 1973, between CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (hereinafter called the Lessee), and BECHTEL CONSTRUCTORS, INCORPORATED a corporation (hereinafter called the Lessor).

WHEREAS, the Lessor and the Lessee have entered into a Conditional Sale Agreement dated as of April 1, 1973 (hereinafter called the Security Documents), with PULLMAN INCORPORATED (PULLMAN-STANDARD DIVISION) (hereinafter called the Builder), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the railroad equipment described in Schedule A hereto;

WHEREAS, the Builder has assigned or will assign certain of its interests in the Security Documents to MERCANTILE SAFE DEPOSIT & TRUST COMPANY, as Agent (hereinafter, together with its successors and assigns, referred to as the Vendor); and

WHEREAS, the Lessee desires to lease all the units of said equipment, or such lesser number (hereinafter called the Units) as are delivered and accepted and settled for under the Security Documents on or prior to December 3, 1973 (hereinafter called the Cut-Off Date), at the rentals and for the terms and upon the conditions hereinafter provided;

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

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Documents. Upon such delivery, the Lessee will cause an inspector of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery (hereinafter called the Certificate of Delivery), stating that such Unit has been inspected and accepted on behalf of the Lessee on the date of such Certificate of Delivery and is marked in accordance with Section 4 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rentals. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 30 consecutive semiannual rental payments payable on January 15 and July 15 of each year commencing January 15, 1974 to and including July 15, 1988, an additional rental payment payable on July 15, 1973 in an amount equal to the interest, if any, payable on such date to the Vendor pursuant to the Security Documents, and a further additional rental payable on July 15, 1973 or, for any Unit for which the Closing Date occurs after July 15, 1973, on such Closing Date in an amount equal to 0.3388164% of the Purchase Price of each such Unit. The 30 consecutive semiannual rental payments shall each be in an amount equal to 4.35676% of the Purchase Price of each Unit subject to this Lease on each such Payment Date; provided, however, that any and all sums paid by the Lessee pursuant to its guaranty obligations set forth in Article 7 of the Security Documents not attributable to an Event of Default hereunder shall be thereupon deemed to have been paid in reduction or satisfaction, to the extent thereof, of any rental payments then or thereafter due or payable by the Lessee to the Lessor under this Lease. As used in this Lease, the term Purchase Price shall have the same meaning as set forth in the Security Documents. The rentals expressed hereon assume that each Unit has been placed in service by the Lessee on or prior to June 30, 1973, and in the event any Unit shall be placed in service following that date, each semi-annual rental payment therefore shall be increased to an amount equal to 5.31300% of the Purchase Price of such Unit payable as otherwise provided above and the amount of the further additional rental (which is in addition to the rental equal to interest payable on the Security Documents on July 15, 1973) shall be equal to 0.3388164% of the Purchase Price of such Unit payable as otherwise provided above.

The Lessor irrevocably instructs the Lessee to make all payments provided for in this Lease other than payments due pursuant to Section 16 hereof in Federal funds (including but not limited to the payments required under Section 6 hereof) to the Vendor for the account of the Lessor, on or before the date upon which such payments are due and owing and the Lessee agrees so to do. On or before the date upon which payments to the Vendor under the Security Documents are due and owing, the Vendor is hereby irrevocably instructed to apply funds received hereunder to make such payment to the Vendor (or to any assignee of the Vendor pursuant to Section 6 of the Agreement and Assignment between the Builder and the Vendor, dated as of April 1, 1973, under which the Security Documents are being assigned to the Vendor). Such payments shall be applied by the Vendor to satisfy the obligations of the Lessor under the Security Documents payable at the time such payments are due hereunder (or within six days thereafter) and, so long as no default under the Security Documents shall have occurred and be continuing, any balance shall be paid to the Lessor or as directed by the Lessor.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Documents, including the Lessee's rights by subrogation under Article 7 thereof, or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or 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, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights and obligations under this Lease and in and to the Units, upon default by the Lessee hereunder, or under the Security Documents in its capacity as Guarantor or otherwise, are subject to the rights of the Vendor under the Security Documents. If an event of default should occur under the Security Documents, the Vendor may terminate this Lease (or rescind its termination), all as provided therein, unless the Lessee is not so in default under this Lease or under the Security Documents.

Section 4. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the name of the Vendor followed by the words "Agent-Security Owner" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's respective interests in such Unit and the rights of the Lessor under this Lease and of the Vendor under the Security Documents. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documents shall have been filed, recorded and deposited.

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

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor from collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, federal, or foreign taxes (other than (i) any United States Federal income taxes and excess profits taxes [and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax] payable by the Lessor in consequence of the receipt of payments provided for herein, (ii) the net cumulative aggregate amount of all state and local income taxes, franchise taxes, excess profits taxes and similar taxes measured by net income based on the receipt of payments provided for herein, up to the net cumulative amount of such taxes measured by net income based on such receipts which would by payable by the Lessor to the State of California and the City and County of San Francisco without

apportionment to any other state [for all purposes of this clause (ii) taxes paid to the State of California and the City and County of San Francisco and taxes which would be payable thereto shall be computed on the basis of straight-line depreciation], and (iii) gross receipts taxes measured by the receipt of payments provided for herein payable by the Lessor to the State of California and the City and County of San Francisco [except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided]) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documents, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the non-payment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or under the Security Documents. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Lessor) or unless the Lessee shall have approved the payment thereof.

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

In the event any reports with respect to impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Vendor in such Units or notify the Lessor and the Vendor of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

Section 6. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessor and the Lessee, irreparably damaged from any cause whatsoever, or taken or requisitioned by condemnation or otherwise for a definite period exceeding the otherwise then remaining term of this Lease (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Vendor for the account of the Lessor, as provided in Section 2 hereof, the rental payment due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and the Lessee shall be entitled to recover possession of such Unit.

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 following schedule opposite such rental payment date:

Payment Date	Percentage	Payment Date	Percentage
July 15, 1973	100.4168%	July 15, 1981	63.9867%
January 15, 1974	101.0734%	January 15, 1982	60.9802%
July 15, 1974	101.3743%	July 15, 1982	57.8563%
January 15, 1975	101.8004%	January 15, 1983	54.6356%
July 15, 1975	102.2313%	July 15, 1983	51.2938%
January 15, 1976	101.7291%	January 15, 1984	47.9447%
July 15, 1976	101.1464%	July 15, 1984	44.4815%
January 15, 1977	94.7691%	January 15, 1985	41.0208%
July 15, 1977	93.0887%	July 15, 1985	37.4417%
January 15, 1978	91.1731%	January 15, 1986	33.8769%
July 15, 1978	89.1472%	July 15, 1986	30.1895%
January 15, 1979	82.0061%	January 15, 1987	26.5228%
July 15, 1979	79.6746%	July 15, 1987	22.7282%
January 15, 1980	77.1662%	January 15, 1988	18.9613%
July 15, 1980	74.5488%	July 15, 1988	
January 15, 1981	66.8687%	and thereafter	15.2500%

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

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained fire and extended coverage insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts (including deductibles) and against risks comparable to those insured against by the Lessee on equipment owned by it and the benefits thereof shall be payable as provided in the Security Documents and to furnish appropriate evidence of such insurance coverage upon request of the Lessor. Any damages receivable from others, any condemnation payments and any net insurance proceeds in respect of fire and extended coverage insurance carried by the Lessee received by the Lessor in respect of Units suffering a Casualty Occurrence (all hereinafter collectively referred to as Recoveries) shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 6. The excess of such damages received from others or condemnation payments, if any, after deduction of such payments received from the Lessee in respect of Casualty Occurrences, shall belong to the Lessor and the excess of such net insurance proceeds, after deduction of such payments received from the Lessee in respect of Casualty Occurrences, shall belong to the Lessor. If the Lessor shall receive any such Recoveries after the Lessee shall have made payments pursuant to this Section 6 without deduction for such Recoveries, the Lessor shall pay such Recoveries to the Lessee to the extent of such payments by the Lessee. Upon payment of the Casualty Value of such Unit, the title to such Unit, subject to the rights of the Vendor under the Security Documents, shall pass to and vest in the Lessee.

All proceeds of fire and extended coverage insurance received by the Lessor in respect of insurance carried on any Unit or Units not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

In the event that during the term of this Lease the use of any Unit is requisitioned or taken by any governmental authority by condemnation or otherwise for a definite period which does not exceed the then remaining term of this Lease or for an indefinite period, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be

entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisitioning or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year which begins after the expiration of 120 days from the date of this Lease, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documents, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 4 hereof and Article 9 of the Security Documents have been preserved or replaced. The Lessor shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have, as Vendee, under the provisions of Article 13 of the Security Documents. The Lessee's delivery of a Certificate of Delivery shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration of any Unit, or in the event that any equipment or appliance is required to be installed on any such Unit in order to comply with such laws or rules, the Lessee will make such alterations, changes, replacements and additions 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 Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the Security Documents.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit in good order and repair.

Any and all additions to any Unit (except, in the case of any Unit which is a locomotive, communications, signal and automatic control equipment or devices having a similar use which have been added to such Unit by the Lessee, 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 Department of Transportation or any other applicable regulatory body), and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Documents) shall immediately be vested in the Lessor and the Vendor as their respective interests appear in the Unit itself; provided that the Lessee may, upon the expiration of the original term of this Lease, remove any such additions to any Unit made at the expense of the Lessee, but only if such removal does not damage the Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever (including without limitation, claims based on strict liability in tort),

regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Security Documents or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 15 of this Lease. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor with a copy to the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee. In the event that the Lessor is required to file any income tax return in any state or locality (other than the State of California or the City and County of San Francisco) with respect to items of income, deductions and credits attributable to the Units or the rentals hereunder, the Lessee, to the extent reasonably requested by the Lessor shall furnish to the Lessor in connection with such filing, such information as is then available to the Lessee from its books and records.

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

A. default shall be made in payment of any part of the rental provided in Section 2 hereof and such default shall continue for five days;

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

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Security Documents and such

default shall continue for 25 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or under the Security Documents under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions, and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and under the Security Documents shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from

any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which 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 (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) 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 (y) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5% per annum discount, compounded semiannually from the respective date upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental, and

(c) In the event of any such termination and whether or not the Lessor shall have exercised or shall thereafter exercise any of its other rights under paragraph (b) above, the Lessor shall have the right to recover from the Lessee an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America or any political subdivision thereof, calculated on the highest effective Federal, state and local income tax and/or excess profit tax rates then generally applicable to the Lessor before deduction

of any investment credit and including therein the effect of any applicable surtax, surcharge and/or other tax or charge related thereto, and deducting from any such Federal taxes the amount which results from multiplying the said highest effective rates of such Federal taxes by the amount of any such state and local tax (such rates as so calculated being hereinafter in this Lease called the "Applicable Rates") shall be equal to the following:

(1) an amount equal to any portion of the 7% investment credit with respect to the Purchase Price of the Units as provided in Section 38 and related sections of the Internal Revenue Code of 1954, as amended, with respect to the calendar year 1973 (hereinafter called the "Investment Credit"), lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in section 16 hereof or any other provision of this Lease or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default; plus

(2) such sum as, in the reasonable opinion of the Lessor, will cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if such termination by default had not occurred; plus

(3) an amount equal to the interest and penalty assessed against the Lessor by the United States based on disallowance in whole or in part for any taxable year of the Investment Credit contemplated in paragraph (1) above and/or the ADR Deduction (as defined in Section 16a hereof), and/or the interest deduction referred to in Section 16a.

Anything in this Section 9 to the contrary notwithstanding, any default in the observance or performance of any covenant, condition or agreement on the part of the Lessee, other than the loss of the Units as described in Section 6, which results solely in the loss by the Lessor of, or the loss by the Lessor of the right to claim, or the disallowance with respect to the Lessor of all or any portion of the Investment Credit, ADR Deduction or such interest deduction shall be for all purposes of this Lease deemed to be

cured if the Lessee shall, on or before the next rental payment date after written notice from the Lessor of the loss, or the loss of the right to claim, or the disallowance of the Investment Credit, ADR Deduction or such interest deduction in respect of such Unit, agree to pay to the Lessor the revised rental rate in respect of such Unit determined as provided in Section 16e hereof.

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

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

Section 10. Return of Units Upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor; and

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

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

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

Section 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights, powers, privileges, immunities, benefits and advantages of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 9 and 17 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively). Whenever the term Lessor is used in this Lease it shall apply and refer to each such assignee of the Lessor. Wherever the term Lessor is used in Sections 5, 9(c) and 16 of this Lease, it shall include, but not be limited to, Bechtel Constructors, Incorporated and all other corporations for which a consolidated return or any other combined return or report which includes Bechtel Constructors, Incorporated is permitted to be filed and is filed for federal, state or local tax purposes.

So long as the Lessee shall not be in default under this Lease or under the Security Documents in its capacity as Guarantor or otherwise, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the Security Documents, but, without the prior written consent of the Lessor, which shall not be unreasonably withheld, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession

thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph; provided, however, that the Lessee may sublease any of the Units for a sublease term not to exceed six months to any person, firm or corporation which is a citizen of, or is organized under the laws of, the United States of America or any state thereof for service in regular operation within the United States of America so long as such sublease shall be subject to the terms and provisions of this Lease. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

So long as the Lessee shall not be in default under this Lease or under the Security Documents in its capacity as Guarantor or otherwise, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units 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 and the Security Documents; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder

and under the Security Documents) into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignee or transferee will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Lease.

Section 12. Purchase and Renewal Option. Except as hereafter expressly provided in this Section 12, and 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 Lessor not less than six months prior to the end of the original term (or, in the case of extension of the term of this Lease pursuant to clause (a) of this paragraph, any renewal term) of this Lease elect (a) to extend the term of this Lease in respect of all, but not fewer than all, of such Units then covered by this Lease, for not more than two successive five-year periods commencing on the scheduled expiration of the original term of this Lease or any renewal term pursuant to this clause (a), at a rental payable semiannually, in arrears, each such payment during the first five year renewal period to be in an amount equal to 1.50113% of the Purchase Price of each Unit subject to this Lease on each such date, each such payment during the second five-year renewal period to be in an amount equal to 1.07223% of the Purchase Price of each Unit subject to this Lease on each such date, all such semiannual payments to be made on the business day next preceding January 15 and July 15 in each year of the applicable extended term for the semiannual period then ending or (b) to purchase all, but not fewer than all, of such Units then covered by this Lease at the end of such original or renewal term of this Lease for a purchase price equal to the "Fair Market Value" of such Units as of the end of such term. It is understood that each of the 30 consecutive semiannual rental payments of 4.35676% of the Purchase Price of each Unit provided for in Section 2 hereof includes an amount equal to 0.06783% of such Purchase Price as a result of a determination that the shortest asset depreciation period of the Units should be 12 years and not 11 years, and that the renewal rentals provided for in clause (a) of this paragraph have been determined be reference to the 4.35676% figure as reduced by the 0.06783% figure.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer under no compulsion to buy and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value; provided that the value of any addition made by the Lessee to any Unit at the Lessee's expense shall be deducted in determining the Fair Market Value of such Unit, whether or not such addition is removable from the Unit by the Lessee pursuant to Section 8 hereof. If on or before four months prior to the expiration of the original or any renewal term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair

Market Value of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or, failing such agreement, the majority of a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne ratably by the Lessor and the Lessee.

Upon payment of the purchase price described above, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without representations or warranties except that such Units are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor) for such Units, and such other documents as may be required to release such Units from the terms and scope of this Lease and to transfer title thereto to the Lessee or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense.

Section 13. Return of Units Upon Expiration of Term. As soon as practicable on or after the expiration of the term of this Lease with respect to any Unit, the Lessee will (unless the Unit is sold to the Lessee), at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessee may designate (but in not more than three locations), or, in the absence of such designation, as the Lessor may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor; the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights

of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. If Lessor shall elect to abandon any Unit which has suffered a Casualty Occurrence or which after the expiration of this Lease the Lessor shall have deemed to have suffered a Casualty Occurrence, it may deliver written notice to such effect to the Lessee and the Lessee shall thereupon assume and hold the Lessor harmless from all liability arising in respect of any responsibility of ownership thereof, from and after receipt of such notice. The Lessor shall execute and deliver to the Lessee a bill of sale or bills of sale transferring to the Lessee, or upon its order, the Lessor's title to and property in any Unit abandoned by it pursuant to the immediately preceding sentence. The Lessee shall have no liability to the Lessor in respect of any Unit abandoned by the Lessor after termination of the Lease; provided, however, that the foregoing clause shall not in any way relieve the Lessee of its obligations pursuant to Section 6 hereof to make payments equal to the Casualty Value of any Unit experiencing a Casualty Occurrence while this Lease is in effect.

Section 14. Opinion of Counsel. On each Closing Date (as defined in the Security Documents), the Lessee will deliver to the Lessor seven counterparts of the written opinion of counsel for the Lessee, addressed to the Lessor and the Vendor, in scope and substance satisfactory to the Lessor, the Vendor and their respective counsel, to the effect that:

A. the Lessee is a corporation legally incorporated, validly existing and in good standing under the laws of its state of incorporation (specifying the same) with adequate corporate power to enter into the Security Documents and this Lease;

B. the Security Documents and this Lease have been duly authorized, executed and delivered by the Lessee and constitute valid, legal and binding agreements of the Lessee, enforceable in accordance with their respective terms;

C. the Security Documents (and the assignment thereof to the Vendor) and this Lease have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and such filing and recordation will protect the Vendor's and the Lessor's interests in and to the Units and no filing, recording or deposit (or giving of notice) with any other federal, state or local government is necessary in order to protect the interests of the Vendor or the Lessor in and to the Units;

D. no consent, approval or filing is required from any public regulatory body with respect to the entering into or performance of the Security Documents or this Lease;

E. the entering into and performance of the Security Documents or this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound; and

F. no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interests therein of the Lessee, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Vendor's or Lessor's respective interests therein; provided, however, that such liens may attach to the rights of the Lessee hereunder in and to the Units.

Section 15. Recording; Expenses. The Lessee will at its own expense cause this Lease, the Security Documents and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, and make suitable arrangements to have such instruments deposited with the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada and to publish notice of such in the Canada Gazette pursuant to said Section 86. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the Security Documents 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 re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Documents or the assignment thereof to the Vendor; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Documents shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

The Lessor will pay the reasonable costs and expenses involved in the preparation and printing of this Lease and the Security Documents, and the costs and expenses of financing (including legal, money placement and agent fees). The Lessor and the Lessee will each bear the respective fees and disbursements, if any, of their respective counsel.

Section 16. Federal Income Taxes. (a) Subject to the provisions of Section 16(d) hereof, the Lessee represents, warrants and agrees that the Lessor as the owner of the Units shall be entitled to such deductions, credits and other benefits as are provided for in the Code (as defined in Section 9 hereof) to an owner of property including (without limitation) the Investment Credit and the ADR Deduction (as hereinafter defined) with respect to the Units and the Lessor shall be entitled to deductions for any interest payments made pursuant to the Security Documents (such deductions, credits and benefits being hereinafter called the "Tax Benefits"). The term "ADR Deduction" means the deduction in respect of the depreciation of each Unit over a 12 year life using the double declining balance method switching to the sum of the years digits method provided in Section 167(b) of the Code down to 5% of the Purchase Price under the regulations to be prescribed by the Secretary of the Treasury or his delegate under Section 167(m) of the Code. If the Lessor, in computing its taxable income for any part of the term of this Lease, shall lose, in whole or in part, the Tax Benefits under any circumstances or for any reason whatsoever (including but not limited to the occurrence of a change in or modification of law and including without limitation any change in or modification of applicable treasury regulations or revenue procedures), the Lessee shall pay the Lessor (except as provided in Section 16(c) hereof) as supplemental rent under this Lease, the amounts provided in Section 16(e) hereof; provided that the Lessee shall not be required to pay such sums if such loss results solely because of the occurrence of any one or more of the following events:

(i) a Casualty Occurrence shall occur with respect to any Unit, and the Lessee shall pay in full the amounts required to be paid pursuant to Section 6 hereof;

(ii) a transfer by Lessor at any time of legal title to a Unit to anyone, except as contemplated in the proper exercise of the Lessor's remedies hereunder or of the Vendor's remedies under the Conditional Sale Agreement upon the occurrence of an Event of Default or a disposition by Lessor of any interest in a Unit or a reduction by Lessor of its interest in the rentals from any Unit, at any such time without the written consent of Lessee, if such transfer by the Lessor or such disposition or reduction by Lessor shall be the direct cause of such loss;

(iii) an amendment of the Conditional Sale Agreement without the prior written consent of Lessee, if such amendment shall be the direct cause of such loss;

(iv) the failure of the Lessor to have the corporate status, or any tax status or any other qualification within the sole control of the Lessor, necessary to claim or be entitled to the Tax Benefits;

(v) the failure of Lessor to have sufficient liability for tax within the meaning of Section 46(a) of the Code against which to credit such Investment Credit or sufficient income to benefit from the ADR Deduction or the interest deduction, as applicable;

(vi) the failure of Lessor to claim the interest deduction or to claim the Investment Credit or ADR Deduction for any Unit in its income tax returns for the appropriate year or to follow the proper procedure in claiming such interest deduction, Investment Credit or ADR Deductions in such tax returns for such year, if such failure to make such claim or to follow such procedure, as the case may be, shall preclude Lessor from claiming such interest deduction or such Investment Credit or ADR Deduction;

(vii) the failure of the Lessor to take timely or other required action, as provided in Section 16(f) hereof, in contesting a claim made by the Internal Revenue Service.

(b) It is understood and agreed by the Lessor and the Lessee that the Lessor will apply for a ruling (the "Ruling") from the Internal Revenue Service to the effect that for Federal income tax purposes:

(i) the Lease constitutes a true Lease;

(ii) the Lessor is the Lessor and the Lessee is the Lessee under the Lease;

(iii) the Units constitute "Section 38 Property" with respect to which Lessor is entitled to claim the Investment Credit in respect of the full purchase price of the Units;

(iv) the interest payable by the Lessor under the Security Documents is deductible in computing the net income of the Lessor; and

(v) Lessor, as owner of the Units, may depreciate the full purchase price of the Units in accordance with any one of the methods set forth in Section 167(b) of the Code and regulations promulgated thereunder; and the Lessor will be entitled to elect to compute depreciation under the Class Life Asset depreciation range system prescribed by Section 167(m) of the Code.

If it appears that the ruling would be obtainable if the Lease were amended in a manner not adverse to the Lessor, then the Lessor, at the request of the Lessee, shall agree to amend the Lease and resubmit its request for the Ruling.

(c) Lessee shall have no obligation to pay supplemental rent under Section 16(a) if a favorable Ruling has been received and the Ruling covers each of the matters referred to in Section 16(b) and has been approved as to form and substance by Lessor (which approval the Lessor shall not unreasonably withhold, it being understood that the Lessor shall be liable for damages suffered by the Lessee in the event that such approval is unreasonably withheld); provided, however, that if, at any time after such Ruling is obtained, Lessor shall lose the Tax Benefits, Lessee agrees to pay Lessor, as supplemental rent, the amounts determined and payable as provided in Section 16(e) hereof to the extent (and only to the extent) that such loss is a result of any of the following events:

(i) any representation, fact, estimate, opinion or other statement made or stated to the Internal Revenue Service by Lessee or any officer, employee, agent or counsel thereof (including any such statement made jointly with Lessor or any officer, employee, agent or counsel thereof) in connection with the obtaining of the Ruling proving to be fraudulent, untrue, misleading, or insufficient in whole or in part,

(ii) Lessee or any officer, employee, agent or counsel thereof failing to state, or in the opinion of the Internal Revenue Service failing to state, any material fact in connection with the obtaining of the Ruling,

(iii) Lessee or any officer, employee, agent or counsel thereof taking, or failing to take, or being deemed by the Internal Revenue Service to have taken, or to have failed to take, any action whatsoever (including, without limitation, any action in respect of its income tax returns) which is, or in the opinion of the Internal Revenue Service is, inconsistent with or in contravention of any of the matters set forth in such Ruling,

(iv) Lessor losing title to any Unit as the result of any proper exercise of its rights and remedies upon the occurrence of an Event of Default,

(v) any Unit, originally or at any subsequent time prior to full compliance by Lessee with all of the terms of this Lease with respect to such Unit, not qualifying as, or ceasing to qualify as, "New Section 38 Property" as the result of the original use of such Unit not being deemed to commence with Lessor or as the result of any use of such Unit permitted or suffered by Lessee (but excluding any failure to qualify or any termination of such qualification solely by reason of a change in the Code or the regulations promulgated thereunder),

(vi) any part of the Purchase Price for any Unit not being deemed part of Lessor's "Qualified Investment" within the meaning of Section 46(c) of such Code for the purpose of computing the amount of Lessor's Investment Credit with respect to such Unit, (but excluding any failure of such part to be deemed part of the Lessor's "Qualified Investment" solely by reason of a change in the Code or the regulations promulgated thereunder),

(vii) the "Original Use" of any Unit not having commenced with Lessor within the meaning of Section 167(c) of the Code, (but excluding any failure of such "Original Use" to commence with the Lessor solely by reason of a change in the Code or the regulations promulgated thereunder),

(viii) any part of the Purchase Price for any Unit not being deemed part of Lessor's basis for the purpose of computing Lessor's depreciation deductions with respect to such Unit (but excluding any failure of such part to be deemed part of the Lessor's basis for such purpose solely by reason of a change in the Code or the regulations promulgated thereunder), and

(ix) Lessor not being able to depreciate any Units down to a salvage value of 5 percent of the purchase price of such Unit over a 12 year life (but excluding any such inability solely by reason of a change in the Code or the regulations promulgated thereunder);

Provided, however, that the Lessee shall not be required to pay any amount pursuant to this Section 16(c) if the loss of Tax Benefits referred to in this Section 16(c) results solely because of the occurrence of any one or more of the events set forth in Section 16(a) (i) through (vii).

(d) In the event that on or before February 15, 1974 a favorable Ruling covering each of the matters referred to in Section 16(b) hereof has not been received and approved as to form and substance by Lessor (which approval shall not be unreasonably withheld) then Lessee shall have the option, at any time within 60 days after receipt of written notice to such effect from Lessor and before July 15, 1974, to purchase all of the interest of the Lessor in the Units and in the Security Documents for an amount equal to the sum of (i) the aggregate amount of all funds paid to the Vendor by the Lessor pursuant to clauses (a) and (c) of the third paragraph of Article 3 of the Conditional Sale Agreement, (ii) any fees and expenses (including without limitation brokerage commissions, legal and printing expenses, and attorneys, accountants and Trustees' fees) paid by the Lessor, but not in excess of 1.9% of the full Purchase Price of the Units plus reasonable attorneys' fees of counsel for Lessor, in connection with this Lease and the transactions herein contemplated and (iii) an amount equal to interest at the rate of 12% per annum (computed on the basis of a 360-day year of twelve 30-day months) on all funds so advanced or paid, computed from the respective dates of such advances and payments to the date such purchase price is paid; minus any sums paid by

the Vendor (or its assigns) to the Lessor in accordance with the terms of the Security Documents. At the time of such purchase and payment by the Lessee (for purposes of such purchase and payment "Lessee" shall include any permitted Assignee or Nominee of the Lessee), the Lessee shall assume all the obligations of the Lessor under the Conditional Sale Agreement in accordance with the provisions thereof, and the title and interest of the Lessor in the Units and in the Conditional Sale Agreement shall pass to and vest in the Lessee without further transfer or action on the part of the Lessor, whereupon this Lease and the interest of the Lessor in the Units will terminate. The Lessor shall deliver to the Lessee at the time of such payment, in such number of counterparts as the Lessee may reasonably request, a bill of sale from the Lessor conveying title to the Units to the Lessee and warranting to the Lessee and its Assigns in respect only of the Lessor and parties claiming through the Lessor that such title was free of all claims, liens security interests and other encumbrances of any nature except only the rights of the Vendor under the Security Documents and of the Lessee under this Lease, together with an opinion of its counsel to that effect and such other instruments as may reasonably be requested to make clear upon the public records the title of the Lessee to the Units. It is intended that such payment by the Lessee shall entitle the Lessee to such deductions, credits and other benefits as are provided for in the Code to an owner of property including (without limitation) the Investment Credit and the interest and depreciation deductions described in the first paragraph of this Section 16, and the Lessor warrants to the Lessee that, in the event it shall have received written notice from the Lessee before March 1, 1974 of its election to purchase the Units, neither the Lessor nor any corporation controlled by it, controlling it, or in common control with it, nor any corporation for the benefit of which the Lessor acquired the Units and any corporation controlling such corporation, will take any action or file any returns or documents inconsistent with the foregoing intent, and that each of said corporations will file said returns, take such action and execute such documents as may be reasonable and necessary to facilitate the accomplishment of such intent.

(e) In the event that supplemental rent shall become payable pursuant to Sections 16(a) or 16(c), the "Aggregate Amount" of such supplemental rent shall be paid in equal installments on each of the remaining rental payment dates as provided in Section 2 hereof during the remainder of the term of this Lease. The term

"Aggregate Amount" of such supplemental rent to be paid pursuant to the preceding sentence shall mean that additional sum of money which is necessary to permit Lessor to receive (on an after-tax basis over the entire term of this Lease, taxes being computed at the Applicable Rates) the same net rate of return that Lessor would have realized had all or such portion of the Tax Benefits not been lost. The Aggregate Amount shall be determined by Matrix Leasing International, Inc., unless it shall refuse or be unable to make such determination, in which event such Aggregate Amount shall be determined by an independent certified public accountant, mutually acceptable to both Lessor and Lessee and at the expense of Lessee.

(f) In the event a claim shall be made by the Internal Revenue Service with respect to the disallowance of all or any part of the Lessor's Investment Credit or depreciation or interest deductions in respect of any Unit in any case in which the Lessee's indemnities apply, the Lessor agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request from time to time, provided, however, that: (i) within 30 days after notice by the Lessor to the Lessee of such claim, the Lessee shall make request that such claim be contested; (ii) 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 (in which event the rental payments provided in Section 2 hereof and due thereafter shall be increased to the extent necessary to cause the Lessor's net return under this Lease (taxes being calculated at the Applicable Rates, as defined in Section 9 hereof) to be equal to the net return (taxes being calculated at the Applicable Rates) that would have been available to the Lessor if said tax claimed had not been paid) and sue for a refund in the appropriate United States District Court and/or the United States Court of Claims, as the Lessor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as the Lessee shall make concerning the most appropriate forum in which to proceed; (iii) prior to taking such action, the Lessee shall have furnished the Lessor with an opinion of independent tax counsel satisfactory to the Lessor to the effect that a meritorious defense exists to such claim; and (iv) the Lessee shall have indemnified the Lessor in a manner satisfactory to it for any liability or loss 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 (a) reasonable attorneys' and accountants' fees and disbursements and (b) the amount of any interest or penalty which may ultimately by payable to the United States Government

as the result of contesting such claim, and the Lessee shall have furnished reasonable security for such indemnification as may be requested. In the case of any such claim by the Internal Revenue Service referred to above, the Lessor agrees promptly to notify the Lessee in writing of such claim and agrees not to make payment of the tax claimed for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such claim which may be particularly within the knowledge of the Lessor, and shall otherwise cooperate with the Lessee in good faith in order to effectively contest any such claim. The Lessor will not agree to the release, compromise or settlement of any action or proceeding taken in accordance with this Section 16 by the Lessor without the prior written consent of the Lessee.

If the Lessor's right to claim such portion of the Investment Credit or interest or depreciation deductions with respect to a Unit as was disallowed shall be established by the final judgment or decree of the court or administrative agency having jurisdiction thereof, or if the Lessor shall release, waive, compromise or settle any claim without the written consent of the Lessee, and if the rental rate in respect of such Unit shall theretofore have been adjusted in accordance with the preceding paragraph of this Section 16, then, on the next succeeding rental payment date thereafter, or after such judgment or decree shall have become final, as the case may be, the rental rate in respect of such Unit set forth in Section 2 of this Lease shall again become applicable to such Unit.

(g) In the event that, after commencement of payment of rentals pursuant to Section 2 hereof, the Lessor shall be permitted to use an asset depreciation period of less than 12 years, then promptly after payment of each such semiannual rental, the Lessor shall pay to the Lessee such amount as is necessary (taking into account all similar payments theretofore or thereafter payable in accordance herewith) to cause the Lessor's net return (taxes being calculated at the Applicable Rates, as defined in Section 9 hereof) under this Lease to be equal to the net return that would have been available to the Lessor on the basis of an asset depreciation period of 12 years.

The Lessee's and the Lessor's Agreement to pay any sums which may become payable pursuant to this Section 16 shall survive the expiration or other termination of this Lease.

Section 17. 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, to the extent legally enforceable, an amount equal to 9-1/4% per annum of the over due rentals for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 18. Notices. Any notice required or permitted to be given by either party hereto to the others shall be deemed

to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

(a) if to the Lessor prior to any assignment provided for in the first paragraph of Section 11 hereof, c/o Bechtel Corporation, 50 Beale Street, San Francisco, California 94119, Attention: Secretary, and

(b) if to the Lessor following an assignment to the Vendor as provided in the first paragraph of Section 11 hereof, to the Vendor at Two Hopkins Avenue, P. O. Box 2258, Baltimore, Maryland 21203 with a copy c/o Bechtel Corporation, 50 Beale Street, San Francisco, California 94119, Attention: Secretary, and

(c) if to the Lessee, at 400 West Madison Street, Chicago, Illinois 60606, Attention Vice President-Finance;

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

Section 19. 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 Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 20. Execution. This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Lease is dated as of April 1, 1973, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

BECHTEL CONSTRUCTORS, INCORPORATED

By _____
Its _____ President

Attest:

_____
ASSISTANT Secretary

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By _____
Its Vice President

Attest:

_____
Assistnat Secretary

GUARANTY OF
BECHTEL CORPORATION

For Value Received, the undersigned, Bechtel Corporation, a Delaware corporation (the "Company") hereby guarantees the due and punctual payment and performance of all of the obligations of the Lessor under this Lease, and unconditionally guarantees that all sums payable by the Lessor under this Lease will be promptly paid when due, and in case of default of the Lessor in such obligations or payments the Company agrees punctually to perform or pay the same, irrespective of any enforcement against the Lessor of any of the rights of the Lessee hereunder. No waiver by the Lessee of any of its rights under this Guaranty and no action of the Lessee to enforce any of its rights under this Guaranty or failure to take, or delay in taking, any such action shall affect the obligations of the Company under this Guaranty.

BECHTEL CORPORATION

By _____
Its PRESIDENT

Attest:

_____
ASSISTANT Secretary

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF)
SAN FRANCISCO)

On this 4th day of May, 1973, before me personally appeared JOHN E. O'CONNELL, to me personally known, who, being by me duly sworn, says that he is PRESIDENT of BECHTEL CONSTRUCTORS, INCORPORATED, that the seal 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.

Betty L. Vasil
Notary Public

BETTY L. VASIL
NOTARY PUBLIC – CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
My Commission Expires May 25, 1976

[Notarial Seal]

My Commission Expires May 25, 1976.

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 7th day of May, 1973, before me personally appeared J. M. Butler, to me personally known, who, being by me duly sworn, says that he is a Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument if 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.

F J Bro
Notary Public

[Notarial Seal]

My Commission Expires May 19, 1974.

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF)
SAN FRANCISCO)

On this 4th day of May, 1973, before me personally appeared J. W. KOMES, to me personally known, who, being by me duly sworn, says that he is PRESIDENT of BECHTEL CORPORATION, that the seal 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.

BETTY L. VASIL
NOTARY PUBLIC – CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
My Commission Expires May 25, 1976

Betty L. Vasil
Notary Public

[Notarial Seal]

My Commission Expires: May 25, 1976.

SCHEDULE A

Type	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identifying Numbers (Both Inclusive)	Unit Base Price	Total Base Price	Estimated Time and Place of Delivery
100-Ton PS-2 CD Welded Triple Covered Hopper Car With Through Center Sill 4,750 Cubic Ft. Capacity	Pullman-Standard General Specification No. 3110 Dated Oct. 4, 1972 Rev. Nov. 13, 1972 Rev. Nov. 14, 1972 Rev. Jan. 5, 1973	Butler, Pa.	500	173000 - 173499	$17,023.75*	$8,511,875	May and June, 1973 Tracy, Minn.

* Includes $376.14 per unit prepaid freight to Tracy, Minn.

Chicago and NorthWestern
~~Transportation~~ Company
Railway

One NorthWestern Center
Chicago, Illinois 60606

Office of the Secretary
312.559.6156

August 30, 1994

File: A-8487
EOC: 0-003

Mr. Sidney Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20423

RE: Lease of Railroad Equipment dated as of April 1, 1973 between Chicago and North Western Transportation Company as Lessee and Bechtel Constructors, Incorporated as Lessor

ICC Recordation No.: 7024

Dear Mr. Strickland:

In connection with the above agreements, please be advised that the name of Chicago and North Western Transportation Company was changed to **Chicago and North Western Railway Company** effective May 6, 1994, pursuant to the Certificate of Amendment of Restated Certificate of Incorporation of Chicago and North Western Transportation Company filed with the State of Delaware on May 5, 1994.

Sincerely,

K. A. Dombrowski
Assistant Secretary

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 30th day of August, 1994, before me personally appeared K. A. Dombrowski, to me personally known, who, by me being duly sworn, says that she is Assistant Secretary of Chicago and North Western Railway Company and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires: April 12, 1995

" OFFICIAL SEAL "
PENNY MENCHEY
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 4/12/95

L:\GROUPS\SECURE\GENERAL\NAMECHG.002 (2)