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ALLEN H. HARRISON, JR.

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14652

RECORDATION NO. Filed 1425
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May 22, 1985

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Dear Mr. Bayne:

File First

INTERSTATE COMMERCE COMMISSION

On behalf of General Electric Railcar Services Corporation, I submit for filing and recording, under 49 U.S.C. § 11303(a) and the regulations promulgated thereunder, four enclosed executed counterparts, entitled Lease Agreement, dated as of May 1, 1985.

Need Number

The parties to the said enclosed document are:

Security Pacific Leasing Corporation - Lessor
Four Embarcadero Center
Suite 1200
San Francisco, California 94111

General Electric Railcar Services Corporation - Lessee
260 Long Ridge Road
P. O. Box 8300
Stamford, Connecticut 06902

The said document relates to a leverage lease financing of one hundred fifty (150) covered hopper cars.

The rolling stock covered consists of one hundred fifty (150) covered hopper cars, identification numbers ECUX 847001 through 847150, both inclusive, and also identified by the same numbers as General Electric Railcar Services Corporation Serial Numbers.

A short summary of the document to appear in the Index is as follows:

"Covers 150 covered hopper cars ECUX 847001-847150, also identified by the same numbers as General Electric Railcar Services Corporation Serial Numbers."

Allen H. Harrison, Jr.
Carroll Spence

10 43 AM '85

Enclosed is our firm check in the amount of ten dollars (\$10) in payment of the filing fee.

Once this filing has been made, please return to bearer the stamped counterparts of the document not required for filing purposes, together with the fee receipt, the letter form the ICC acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.
Attorney for General Electric
Railcar Services Corporation
for the purpose of this filing

Honorable James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

5/22/85

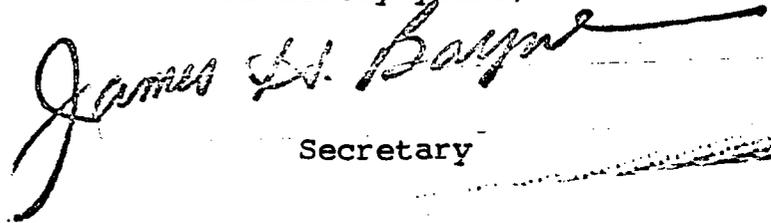
OFFICE OF THE SECRETARY

Allen H. Harrison, Jr.)
Wilmer Cutler & Pickering
1666 K St. N.W.
Washington, D.C. 20423

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/22/85 at 10:50am and assigned re-
recording number(s) 14652 & 14653

Sincerely yours,


Secretary

Enclosure(s)

File First

RECORDATION NO. **14652** Filed 1428

MAY 22 1985 - 10 50 AM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

Dated as of May 1, 1985

between

SECURITY PACIFIC LEASING CORPORATION,

Lessor,

and

GENERAL ELECTRIC RAILCAR SERVICES CORPORATION,

Lessee

Leveraged Lease Financing
of 150 Covered Hopper Cars

Filed with the Interstate Commerce Commission pursuant to 49
U.S.C. § 11303 on _____, 1985, at _____ .M., recordation
number _____.

LEASE AGREEMENT

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LEASE AGREEMENT, dated as of
May 1, 1985, among SECURITY PACIFIC LEASING CORPORATION,
a Delaware corporation ("Lessor") and GENERAL ELECTRIC
RAILCAR SERVICES CORPORATION, a Delaware corporation
(the "Lessee").

WHEREAS, the Lessee has entered into, or will enter
into, a Purchase Agreement with the Manufacturer pursuant to
which the Lessee has agreed or will agree to purchase and
take delivery from time to time of certain covered hopper
cars;

WHEREAS, the Lessee has assigned, or will assign,
its rights and obligations under the Purchase Agreement to
the Lessor pursuant to the Assignment;

WHEREAS, the Lessor has appointed the Lessee as its
agent to accept delivery, on behalf of the Lessor, on each
Delivery Date of the Rail Cars to be purchased by the Lessor
on such Delivery Date;

WHEREAS, the Lessee desires to lease from the
Lessor on each Delivery Date the Rail Cars purchased by the
Lessor on such Delivery Date; and

WHEREAS, in order to secure certain borrowings made
by the Lessor to finance a portion of the purchase price of
the Rail Cars, the Lessor has granted to Meridian Trust

Company, a Pennsylvania trust company, acting as the Indenture Trustee under the Indenture, a first and prior security interest in the Equipment as title to such Equipment is acquired by the Lessor on each of the Delivery Dates and has assigned to the Indenture Trustee this Lease and certain of the payments to be made by the Lessee hereunder.

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, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Lessor hereby leases to the Lessee the Rail Cars upon the following terms and conditions:

Section 1.

DEFINITIONS

All terms defined in the Participation Agreement are used herein with the same meanings assigned thereto therein. The following terms shall have the following meanings for all purposes of this Lease Agreement (as modified, amended or supplemented from time to time) and such meanings shall be equally applicable to both the singular and plural forms of the terms herein defined:

"Basic Rent" means the rent payable for a Rail Car identified as "Basic Rent" and payable pursuant to Section

4.2 hereof.

"Basic Term" shall mean the period commencing on the Basic Term Commencement Date and, unless sooner terminated pursuant to the provisions hereof, expiring on January 31, 2005.

"Basic Term Commencement Date" means August 1, 1985.

"Default" means any event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"Delivery Date" shall mean each of the dates on which the Lessee accepts delivery of one or more Rail Cars on behalf of the Lessor.

"Equipment" means the Rail Cars, collectively.

"Event of Default" has the meaning specified in Section 14.1 hereof.

"Event of Loss" with respect to any Rail Car means any of the following events with respect to such Rail Car:

(i) such Rail Car shall be or become worn out, lost, stolen, destroyed, or, in the reasonable good faith opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Rail Car is returned pursuant to Section 15 or Section 18 hereof, or (ii) title to such Rail Car shall

be taken by any governmental entity by condemnation or otherwise, or (iii) use of such Rail Car shall be taken or requisitioned by the United States Government or any other governmental entity for an indefinite period or a stated period which shall equal or exceed the then remaining term or renewal term of this Lease, or (iv) use of such Rail Car shall be taken or requisitioned by any foreign governmental entity for a stated period longer than one year or for an indefinite period which shall extend for more than one year, or (v) as a result of any rule, regulation, order or other action by the United States Government or any agency or instrumentality thereof, the use of such Rail Car in the normal course of interstate rail transportation shall have been prohibited for a continuous period of six months; provided, however, that such a prohibition shall not constitute an Event of Loss if any economically reasonable modification, alteration or other change to such Rail Car would permit such Rail Car to be used in interstate rail transportation, or (vi) as a result of any rule, regulation, order or other action by the United States Government or any agency or instrumentality thereof, the Lessee would be required, pursuant to Section 11 hereof, to alter, replace, or add to any part of any Rail Car and the Lessee determines, in good faith, that such alteration, replacement or addition

is economically unreasonable.

"Excepted Cars" as of any date means all Rail Cars which shall on such date be located in Canada or Mexico (provided that, if and for so long as the Lessee shall have satisfied the conditions set forth in the fourth sentence of clause (a) of Section 16.2 hereof to the unrestricted use of Rail Cars in Canada, the term "Excepted Cars" shall not include Rail Cars located in Canada).

"Fair Market Purchase Price" has the meaning specified in Section 17.4 hereof.

"Fair Market Rental" has the meaning specified in Section 17.2 hereof.

"Guarantor" means General Electric Credit Corporation, a New York corporation.

"Guaranty" means the Guaranty dated as of May 1, 1985 executed by the Guarantor.

"Interim Rent" means the rent payable for a Rail Car identified as "Interim Rent" and payable pursuant to Section 4.1 hereof.

"Interim Term" shall mean the period commencing on and including the initial Delivery Date and ending on but excluding the Basic Term Commencement Date.

"Lease Agreement", "this Lease", "this Agreement", "herein", "hereunder", "hereof", "hereby" or other like words

means or refers to this Lease Agreement, as this Lease Agreement shall have been originally executed or as modified, amended or supplemented from time to time to the extent permitted by the Indenture.

"Lessor Liens" means (i) Liens which the Lessor is required to discharge pursuant to Section 6.01(a) of the Participation Agreement or (ii) any lien which results from claims against the Lessor unrelated to its ownership of, or interest in, the Rail Cars or the transactions contemplated by the Basic Agreements.

"Manufacturer" shall mean the Richmond Tank Car Company.

"Participation Agreement" means the Participation Agreement, dated as of the date hereof, among the Lessee, the Guarantor, the Lessor, the Loan Participant and the Indenture Trustee, as such Participation Agreement may hereafter from time to time be modified, amended or supplemented.

"Permitted Liens" has the meaning specified in Section 7 hereof.

"Rail Car" means each of the 150 5800 cubic foot jumbo covered hopper cars more specifically listed and described in Appendix A hereto.

"Renewal Term" shall mean any of the extensions of the terms of this Lease provided for in Section 17 hereof.

"Rent" means, collectively, Interim Rent, Basic Rent and Supplemental Rent.

"Rent Payment Date" means the February 1 and August 1 of each year during the Term, commencing February 1, 1986.

"Rental Period" means with respect to each Rail Car, (i) the period commencing on the Delivery Date with respect to such Rail Car and ending on (but excluding) the first Rent Payment Date, and (ii) each of the subsequent consecutive six-month periods throughout the Term, such subsequent periods each commencing on the expiration of the immediately preceding period and ending on (but excluding) the next succeeding Rent Payment Date.

"Stipulated Loss Payment Date" with respect to any Rail Car means the Rent Payment Date next succeeding the date on which an Event of Loss with respect to such Rail Car has occurred or is deemed to have occurred pursuant to Section 8.1 hereof.

"Stipulated Loss Value" means with respect to each Rail Car an amount equal to the percentage of the Lessor's Cost of such Rail Car as is set forth in Appendix B hereto opposite the Rent Payment Date next succeeding the actual date of an Event of Loss; provided, however, that in any event the Stipulated Loss Value as of any date shall be at least sufficient to pay in full, as of such date, any pay-

ments of principal and interest then required to be made in respect to the Loan Certificates then outstanding.

"Supplemental Rent" means any and all amounts, liabilities and obligations (other than Interim Rent and Basic Rent) which the Lessee assumes or agrees to pay to any person hereunder or under any other Basic Agreement, including, without limitation, payments of Stipulated Loss Value and Termination Value and amounts measured by reference thereto and payments pursuant to the Tax Indemnification Agreement and the Participation Agreement.

"Term" shall mean and include the Interim Term, the Basic Term and all Renewal Terms for the Rail Cars.

"Termination Date" with respect to any Rail Car means a Rent Payment Date which has been specified by the Lessee, pursuant to Section 8.8 hereof, as the date of termination with respect to such Rail Car; provided, however, that no such Termination Date shall occur with respect to any Rail Car prior to August 1, 1990.

"Termination Value" with respect to any Rail Car means the amount of Stipulated Loss Value (as it may be adjusted from time to time pursuant to the Participation Agreement) of such Rail Car on the Termination Date with respect to such Rail Car plus an amount equal to any prepayment premium payable pursuant to Section 2.05 of the Inden-

ture on such Termination Date in respect of the Loan Certificates to be prepaid by the Lessor on such Termination Date.

Section 2.

NET LEASE

This Lease is a net lease. Each of the Lessee's obligations to pay all rentals and other amounts hereunder, under the Tax Indemnification Agreement and under the Participation Agreement shall be absolute and unconditional and the Lessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, 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, the Indenture Trustee, the holder of any Loan Certificate or any other person or entity, either under this Lease 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 Rail Cars from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Rail Cars, the prohibition of or other restriction against the Lessee's use

of all or any of the Rail Cars, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other Basic Agreement, any defect in the title to, compliance with plans or specifications for, condition, design, fitness for use, operation, damage or destruction of all or any of the Rail Cars, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, the Lessor or any other person 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 and under the Tax Indemnification Agreement and the Participation Agreement shall continue to be payable in all events in the manner and at the times herein and therein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease or the Tax Indemnification Agreement or the Participation Agreement. 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 this Lease as to any of the Rail Cars 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 (except for any excess payment made in manifest error) from the Lessor, the Indenture Trustee or any holder or former holder of a Loan Certificate for any reason whatsoever.

Section 3.

DELIVERY AND ACCEPTANCE OF RAIL CARS

On each Delivery Date, the Lessee shall execute and deliver to the Lessor a Certificate of Acceptance substantially in the form of Exhibit A to the Participation Agreement relating to the Rail Cars being acquired on such Delivery Date by the Lessor pursuant to (and in the manner and subject to the conditions set forth in) the Participation Agreement and shall accept delivery of such Rail Cars on its own behalf and on behalf of the Lessor. Upon execution of such Certificate of Acceptance and upon receipt of the Bill of Sale by the Lessee, title to the Rail Cars subject thereto shall pass to the Lessor and each such Rail Car shall be deemed to have been delivered to and accepted by the Lessee for all purposes of this Lease and thereupon shall be subject to all of the terms and conditions of this Lease. The Lessee's execution of the Certificate of Acceptance shall be conclusive proof that the Rail Cars listed therein have been

leased to the Lessee subject to the terms hereof.

Section 4.

RENTALS

4.1. Interim Rent. The Lessee agrees to pay Lessor for each Rail Car leased hereunder on or prior to the Basic Term Commencement Date, Interim Rent for the Interim Term, in immediately available funds, in an amount equal to 1/180th of 4.43561% of Lessor's Cost for such Rail Cars per day from and including the Delivery Date with respect to such Rail Car to but excluding the Basic Term Commencement Date.

4.2. Basic Rent. The Lessee agrees to pay to the Lessor, as rental for each Rail Car subject to this Lease, 39 consecutive semiannual payments of Basic Rent on each Rent Payment Date, commencing on February 1, 1986, to and including February 1, 2005. The installment of Basic Rent due and payable on each Rent Payment Date shall be in an amount equal to 4.43561% of Lessor's Cost for the Rail Cars.

In any event, the Basic Rent payable on any Rent Payment Date shall be at least sufficient to pay in full, as of such Rent Payment Date, any payments of principal and interest then required to be made in respect of the then outstanding Loan Certificates.

4.3. Adjustments. The percentages of Interim Rent or Basic Rent set forth in Sections 4.1 and 4.2 above is

subject to adjustment in accordance with the provisions of Section 9 of the Participation Agreement, which are hereby incorporated into, and made a part of, this Lease.

4.4. Supplemental Rent. In addition to its obligation to pay Interim Rent and Basic Rent hereunder, the Lessee shall pay Supplemental Rent to the Lessor or any other Person who shall be entitled thereto due as and when the same shall become due and owing and in the event of any failure on the part of the Lessee to pay the same when due and owing, the Lessor shall have all rights, powers and remedies provided for herein or at law or in equity or otherwise in the case of nonpayment of Interim Rent or Basic Rent. The Lessee also agrees to pay to the Lessor or such other Person as shall be entitled thereto, upon demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Past Due Rate in effect from time to time on (i) any part of any installment of Interim Rent or Basic Rent not paid when due for each day for which the same shall be overdue, and (ii) any payment of Supplemental Rent (other than such interest) not paid when due for each day for which the same shall be overdue until the same shall be paid. Any amount refunded to the Lessor pursuant to Section 10.16 of the Indenture shall promptly be paid by the Lessor to the Lessee as repayment of Supplemental Rent to the extent the Lessee

had previously paid Supplemental Rent in respect of such amounts so refunded.

4.5. Payments on Nonbusiness Days. If any payment date referred to in Section 4.1, Section 4.2 or Section 4.4 hereof is not a Business Day, the rental payment otherwise payable on such date shall be payable on the next succeeding Business Day.

4.6. Place of Rent Payment. Except as otherwise provided in Section 16.1, Interim Rent and each installment of Basic Rent shall be paid to the Lessor and all amounts of Supplemental Rent shall be paid to the Person entitled thereto at such address as the Lessor or such Person, as the case may be, shall have provided to the Lessee in writing. If the Lessee shall have been advised by the Indenture Trustee in writing that the Indenture has been terminated in accordance with Section 10.01 thereof, all payments provided for hereunder shall be made to the Lessor in immediately available funds in the manner provided hereunder.

4.7. Payment in Immediately Available Funds; Calculations. The Lessee agrees to make each payment provided for hereunder in immediately available funds at or prior to 1:00 p.m. in the city where such payment is to be made. All interest, fees and other amounts provided for under this Lease shall be computed on the basis of a 360-day

year of 12 30-day months (including the first day but excluding the last day).

Section 5.

TERM OF LEASE

5.1. Beginning and Termination; Survival. The Interim Term of this Lease shall begin on the initial Delivery Date under the Participation Agreement and, subject to the provisions of Section 14 hereof, shall terminate on the Basic Term Commencement Date. The Basic Term shall commence on the Basic Term Commencement Date and, subject to the provisions of Sections 8, 14 and 17 hereof, shall terminate on January 31, 2005. Notwithstanding anything contained in the preceding sentence to the contrary, the obligations of the Lessee hereunder (including, but not limited to, the obligations under Sections 7, 8, 11, 12, 13 and 18 hereof) shall survive the expiration of the term of this Lease and continue in full force and effect until the same shall have been fully performed by the Lessee.

5.2. Rights and Obligations of Lessee Subject to Indenture. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Rail Cars are subject to the rights of the Indenture Trustee; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is

complying with the provisions of Section 16.1 hereof and (iii) the Indenture Trustee is entitled to apply the payments received by it pursuant to Section 16.1 hereof in accordance with the Indenture, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession and use provided under Section 16 hereof.

Section 6.

IDENTIFICATION MARKS

6.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Rail Car to be kept numbered with the identification number as shall be set forth in the Certificate of Acceptance with respect to such Rail Car and, within 30 days after the Delivery Date with respect to such Rail Car and thereafter, the Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Rail Car, in letters not less than one inch in height, the words "OWNED BY SECURITY PACIFIC LEASING CORPORATION AND SUBJECT TO A TRUST INDENTURE AND SECURITY INTEREST IN FAVOR OF MERIDIAN TRUST COMPANY, AS INDENTURE TRUSTEE FILED WITH THE INTERSTATE COMMERCE COMMISSION" 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 title to and the Indenture Trustee's interest in

such Rail Car and the rights of the Lessor under this Lease and of the rights of the Indenture Trustee under the Indenture. The Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Rail Car unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Indenture Trustee and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Indenture shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Indenture Trustee and the Lessor an opinion of counsel in form and substance reasonably satisfactory to the Lessor and the Indenture Trustee to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Indenture Trustee's and the Lessor's interests in such Rail Cars and that no other filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect the interests of the Indenture Trustee and the Lessor in such Rail Cars.

6.2. Insignia of Lessee. The Rail Cars may be lettered with the names or initials or other insignia customarily used by the Lessee or its sublessees but Lessee will

not allow the name of any other Person to be placed on any Rail Car as a designation that might be interpreted as a claim of ownership.

Section 7.

RESTRICTION ON LIENS

The Lessee will not directly or indirectly create, incur, assume or suffer to exist, and will promptly discharge at its expense, any Lien on or with respect to the Rail Cars, the Indenture Estate or any part thereof, title thereto or any interest therein or in this Lease except the following (herein referred to as "Permitted Liens"): (i) the respective rights and interests of the Lessee, the Participants and the Indenture Trustee, as provided in the Basic Agreements, (ii) Liens for taxes either not yet due or being contested by Lessee in good faith by appropriate proceedings and as to which adequate reserves are being maintained in accordance with generally accepted accounting principles, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any part of the Rail Cars or any interest therein, (iii) materialmen's, mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is bonded, (iv) Liens arising out of judgments or awards against the Lessee with respect to which

at the time an appeal or proceeding for review is being diligently prosecuted in good faith and there shall have been secured a stay of execution pending such appeal or proceeding for review and for the payment of which adequate reserves have been provided, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any part of the Rail Cars or any interest therein, and (v) Lessor Liens.

Section 8.

PAYMENT FOR EVENT OF LOSS; TERMINATION; INSURANCE

8.1. Event of Loss; Payments. Upon the occurrence of any Event of Loss with respect to any Rail Car or Rail Cars, the Lessee shall promptly (and in any event within 30 days after actual knowledge thereof by the Lessee) and fully notify the Lessor and the Indenture Trustee with respect thereto. For purposes of this Section 8.1 and the definition of "Stipulated Loss Payment Date", however, an Event of Loss which occurs five (5) or fewer days prior to a Rent Payment Date shall be deemed to have occurred on such Rent Payment Date. Subject to the provisions of the next paragraph, on the Stipulated Loss Payment Date with respect to the Rail Car or Rail Cars which shall have suffered such Event of Loss, the Lessee shall pay to the Lessor a sum equal to the Stipulated Loss Value of each such Rail Car as of such

Stipulated Loss Payment Date, plus the installment of Interim Rent or Basic Rent and all other amounts due hereunder in respect of such Rail Car as of such date; provided, however, that if an Event of Loss shall occur during the period that an Event of Default shall be continuing or any Rail Car is being returned or stored pursuant to Section 15 hereof, then notwithstanding anything else contained in this Section 8.1, the Lessee shall make such payment of Stipulated Loss Value and all other amounts then due to the Lessor on a date which shall in no event be more than 30 days after such Event of Loss. Upon the making of such payment by the Lessee in respect of any Rail Car, the Interim Rent or Basic Rent for such Rail Car shall cease to accrue as of the applicable Stipulated Loss Payment Date, the term of this Lease as to such Rail Car shall terminate and the Lessor shall be entitled to recover possession of such Rail Car, subject to the right of the Lessee to dispose of such Rail Car as agent for the Lessor as provided in the second paragraph of this Section 8.1.

Following any payment of Stipulated Loss Value by the Lessee, provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sale proceeds or condemnation or requisition payments in respect

of such Rail Car up to the amount of such Stipulated Loss Value, and any excess shall be paid over to, or retained by, the Lessor for its own account. In the event under the circumstances contemplated by the preceding sentence such Rail Car shall be returned by a governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation or requisition payments in an amount equal to such Stipulated Loss Value previously paid to the Lessor, then, upon notice to the Lessor, the Lessee shall dispose of such Rail Car as agent for the Lessor, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation or requisition payments theretofore received by the Lessee shall equal such Stipulated Loss Value previously paid to the Lessor, and the balance of such proceeds shall be promptly paid to the Lessor.

8.2. Requisition Not Constituting an Event of Loss. In the event of the requisition for use of any Rail Car which does not constitute an Event of Loss hereunder, all of the Lessee's obligations under this Lease with respect to such Rail Car (including, without limitation, the obligation to make all payments of Interim, Basic and Supplemental Rent) shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the United States Government or any other governmental entity for the use of such Rail Car during the term of this Lease (other than a use of such Rail Car constituting an Event of Loss) shall be paid over to, or retained by, the Lessee provided no Default or Event of Default shall have occurred and be continuing.

8.3. Payments After Expiration of Lease. If the date upon which the making of the payment by the Lessee in Section 8.1 hereof in respect of any Rail Car is required as aforesaid shall be after the term of this Lease or any renewal term thereof in respect of such Rail Car, no Basic Rent for such Rail Car shall accrue after the end of such term.

8.4. No Release. Except as hereinabove in Sections 8.1 and 8.3 provided with respect to payment of Interim Rent and Basic Rent, the Lessee shall not be released from

its obligations hereunder in the event of, and shall bear the risk of, any Event of Loss to any Rail Car from and after delivery and acceptance thereof by the Lessee hereunder.

8.5. Insurance to Be Maintained. (a) The Lessee will at all times prior to the return of the Rail Cars to the Lessor pursuant to the terms hereof and at the Lessee's own expense, cause to be carried and maintained with financially sound and reputable insurers (i) comprehensive general public liability insurance with respect to the Equipment against third party personal injury and property damage in an amount at least equal to the greater of (x) \$10 million per occurrence or (y) the amount customarily maintained with respect to similar equipment by either (1) the Lessee, as long as the securities of the Guarantor are rated "A" or better by Standard & Poor's Corporation or Moody's Investor Services, Inc. or (2) the greater of (A) the Lessee or (B) corporations of established reputation engaged in the same or similar business as the Lessee, in the event the securities of the Guarantor are not so rated and (ii) property insurance in respect of the Rail Cars at the time leased hereunder, said property insurance to be in amounts at least equal at all times to the aggregate Stipulated Loss Value of such Rail Cars as computed on the next succeeding Rent Payment Date; provided, however, that the Lessee may, in the case of

property insurance, self-insure such Rail Cars to the extent that such self-insurance is (x) consistent with prudent industry practice and, in any event, (y) in an amount (considered in relation to the then current value of such Rail Cars) no greater than the amount of self-insurance maintained with respect to other similar equipment, if any, then owned or leased by the Lessee (considered in relation to the then current value of such similar equipment); and provided, further, that public liability insurance may provide for such deductibles as are consistent with prudent industry practice. Except as otherwise provided in the provisos to the foregoing sentence, the Lessee will carry such insurance for such risks and with such deductibles as are reasonably satisfactory to the Lessor and the Indenture Trustee and in any event consistent with prudent industry practice and at least comparable in amounts and against risks customarily insured against by the Lessee and corporations of established reputation engaged in the same or similar business as the Lessee. The proceeds of any such insurance shall be payable to the Indenture Trustee (pursuant to a standard mortgagee loss payable clause in the case of property insurance), the Lessor and, so long as no Default or Event of Default shall have occurred and be continuing, the Lessee, as their respective interests may appear, so long as the Indenture shall not have been ter-

minated in accordance with its terms, and thereafter to the Lessor, and, so long as no Default or Event of Default shall have occurred and be continuing, the Lessee, as their respective interests may appear. All policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice to the Lessor, the Indenture Trustee and the holder of any Loan Certificate of cancellation, expiration or material change in coverage, (ii) name the Lessor and the Indenture Trustee and, in the case of public liability insurance, the holder of any Loan Certificate as additional named insureds or as loss-payees, as their respective interests may appear and (iii) waive any right to claim any premiums or commission against the Lessor, the Indenture Trustee and the holder of any Loan Certificate. Such policies shall not require contributions from other policies held by the Lessor or the Indenture Trustee and shall not be invalidated by any action or inaction of the Lessee or any other person and shall insure the Lessor, the Indenture Trustee and the holder of any Loan Certificate regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person. On or prior to the Closing Date, and thereafter not less than 30 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this

Section 8, the Lessee shall deliver to the Lessor, the Indenture Trustee and the holder of any Loan Certificate a certificate issued by the insurers for the insurance maintained pursuant to this Section 8; provided, however, that if the delivery of any certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the certificate upon receipt thereof. On or prior to the Closing Date and thereafter upon the written request of the Lessor, the Lessee will furnish to the Lessor, the Indenture Trustee and the holder of any Loan Certificates a certificate of either an independent insurance broker of recognized standing or the insurance company issuing the insurance certificates evidencing the maintenance of all insurance required hereunder. The Lessee agrees to comply with and observe all terms and conditions of each insurance policy maintained pursuant to this Section 8.

(b) In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain at the rate per annum specified in Section

20 hereof.

8.6. Insurance Proceeds. If the Indenture Trustee (or the Lessor, if the Indenture shall have been terminated in accordance with Section 10.01 thereof) shall receive any insurance proceeds in respect of any Rail Cars suffering an Event of Loss, the Indenture Trustee (or the Lessor) shall pay the entire amount of such proceeds to the Lessee provided that no Default or Event of Default shall have occurred and be continuing and the Lessee shall have made payment in full of the Stipulated Loss Value thereof and accrued rentals and all other amounts payable by the Lessee in respect of such Rail Car to the Lessor. All insurance proceeds received by the Indenture Trustee (or the Lessor, if the Indenture shall have been terminated in accordance with Section 10.01 thereof) in respect of any Rail Car not suffering an Event of Loss shall be paid to the Lessee upon receipt by the Indenture Trustee (or the Lessor, if the Indenture shall have been terminated in accordance with Section 10.01 thereof) of an Officer's Certificate of the Lessee stating that any damage to such Rail Car in respect of which such proceeds were paid has been fully repaired.

8.7. Termination Due to Surplus Rail Cars. In the event that at any time after the fifth anniversary of the Basic Term Commencement Date the Lessee shall, in its reason-

able judgment evidenced by a written certificate to such effect signed on behalf of the Lessee by an Authorized Officer and delivered to the Lessor and the Indenture Trustee, determine in good faith that all but not less than all of the Rail Cars then subject to this Lease have become surplus to its product delivery requirements or uneconomic to its needs and that it has discontinued or intends to discontinue using such Rail Cars, the Lessee shall have the right, at its option and on at least 180 days' prior written notice (or such shorter period as to which the Lessor and the Lessee may agree) (which notice shall be accompanied by such written certificate) to the Lessor, the Indenture Trustee and the holder of any Loan Certificate, to terminate this Lease (a "Termination") with respect to such Rail Cars as of the Termination Date specified in such notice, provided, that (i) no Default or Event of Default shall have occurred and be continuing; (ii) on the Termination Date each such Rail Car shall be in the same condition as if being redelivered pursuant to Section 15 hereof; and (iii) the Lessee shall have complied in full with the further provisions of this Section 8.7.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the

purchase of all such Rail Cars, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be the Lessee or a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends to purchase or lease back such Rail Car) submitting such bid. On the Termination Date, the Lessor shall sell, without recourse or warranty, express or implied, except as to Lessor Liens, all such Rail Cars for cash to the bidder or bidders who shall have submitted the highest bid or bids prior to the Termination Date and shall warrant to such bidder or bidders that the title to such Rail Cars shall be free and clear of all Lessor Liens. The total sale price realized at such sale shall be paid to the Indenture Trustee (for application pursuant to the Indenture) or, if the Indenture shall have been terminated pursuant to Section 10.01 thereof, to the Lessor.

On such Termination Date, the Lessee shall pay to the Indenture Trustee (for application pursuant to the Indenture), or, if the Indenture shall have been terminated pursuant to Section 10.01 thereof, to the Lessor, (i) the excess, if any, of the Stipulated Loss Value for each such Rail Car computed as of such date over the proceeds of the

sale of such Rail Car after the deduction of all expenses incurred by the Lessor under the Lease in connection with such termination and (ii) the Basic Rent payment due on such Termination Date (including all payments with respect to such terminated Rail Cars) and all other unpaid rental payments and all other amounts, if any, then due under the Lease.

In the event of any such sale and the receipt in immediately available funds by the Lessor or the Indenture Trustee, as the case may be, of the amounts above described in respect of any Rail Cars, the obligation of the Lessee to pay Basic Rent pursuant to Section 4 hereof in respect of such Rail Cars on each date on which an installment of Basic Rent is due and payable hereunder (as well as all other obligations of the Lessee hereunder in respect of such Rail Cars) shall continue to and including the Termination Date but shall then terminate provided that the Lessee shall have complied with all of the other provisions of this Section 8.7 with respect to such Rail Cars. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Rail Cars to the purchasers named in the highest bid or bids certified by

the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Rail Car, but otherwise shall be made without warranties other than against Lessor Liens.

If no sale shall occur on the date scheduled therefor as provided above, then this Lease shall continue in effect with respect to such Rail Cars as though such election to terminate this Lease with respect thereto had not been made, but in such event the Lessee shall promptly pay all expenses incurred by the Lessor pursuant to this Section 8.7.

8.8. Optional Termination. In the event that at any time after the fifth anniversary of the Basic Term Commencement Date the Lessee shall elect to terminate this Lease with respect to all but not less than all of the Rail Cars other than for the reasons set forth in Section 8.7, the Lessee shall have the right, on at least 180 days' prior written notice (or such shorter period as to which the Lessor and the Lessee may agree) to the Lessor, the Indenture Trustee and the holder of any Loan Certificate, to terminate this Lease with respect to such Rail Cars as of the Termination Date specified in such notice, provided that such specified Termination Date shall be an anniversary of the Basic Term Commencement Date and provided, further, that (i) no Default or Event of Default shall have occurred and be continuing,

(ii) on the Termination Date each such Rail Car shall be in the same condition as if being delivered pursuant to Section 15 hereof and (iii) the Lessee shall have complied in full with the further provisions of this Section 8.8.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all such Rail Cars, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be the Lessee or a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends to purchase or lease back such Rail Car) submitting such bid. On the Termination Date, the Lessor shall sell, without recourse or warranty, express or implied, except as to Lessor Liens, all such Rail Cars for cash to the bidder or bidders who shall have submitted the highest bid or bids prior to the Termination Date and shall warrant to such bidder or bidders that the title to such Rail Cars shall be free and clear of all Lessor Liens. The total sale price realized at such sale shall be paid to the Indenture Trustee (for application pursuant to the Indenture) or, if the Indenture shall have been terminated pursuant to Section 10.01 thereof, to the

Lessor.

On such Termination Date, the Lessee shall pay to the Indenture Trustee (for application pursuant to the Indenture), or, if the Indenture shall have been terminated pursuant to Section 10.01 thereof, to the Lessor, (i) the excess, if any, of the Termination Value for each such Rail Car computed as of such date over the proceeds of the sale of such Rail Car after the deduction of all expenses incurred by the Lessor under the Lease in connection with such termination and (ii) the Basic Rent payment due on such Termination Date (including all payments with respect to such Terminated Rail Cars) and all other unpaid rental payments and other amounts, if any, then due under the Lease.

In the event of any such sale and the receipt in immediately available funds by the Lessor or the Indenture Trustee, as the case may be, of the amounts above described in respect of any Rail Cars, the obligation of the Lessee to pay Basic Rent pursuant to Section 4 hereof in respect of such Rail Cars on each date on which an installment of Basic Rent is due and payable hereunder (as well as all other obligations of the Lessee hereunder in respect of such Rail Cars) shall continue to and including the Termination Date but shall then terminate provided that the Lessee shall have complied with all of the other provisions of this Section 8.8

with respect to such Rail Cars. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Rail Cars to the purchasers named in the highest bid or bids certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Rail Car, but otherwise shall be made without warranties other than against Lessor Liens.

If no sale shall occur on the date scheduled therefor as provided above, then this Lease shall continue in effect with respect to such Rail Cars as though such election to terminate this Lease with respect thereto had not been made, but in such event the Lessee shall pay all expenses incurred by the Lessor pursuant to this Section 8.8.

Section 9.

REPORTS

On or before August 1 in each year, commencing with the calendar year 1986, the Lessee will furnish to the Lessor, the Indenture Trustee and each holder of a Loan Certificate who specifically so requests in writing an Officer's Certificate (a) setting forth as at the preceding [Date] the

total number, description and identification numbers of all Rail Cars then leased hereunder, the total number, description and identification numbers of all Rail Cars that have suffered an Event of Loss during the preceding calendar year or are then undergoing repairs (other than running repairs), or then withdrawn from use pending repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Rail Cars as the Lessor, the Indenture Trustee or such holder may reasonably request, (b) stating that, in the case of all Rail Cars repainted or repaired during the period covered by such statement, the numbers and markings required by Section 6.1 hereof have been preserved or replaced, (c) stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Rail Cars and that no Default or Event of Default has occurred, and (d) further identifying those Rail Cars to which the Lessee has made additions and accessions pursuant to Section 12.2 hereof and describing such additions and accessions and the costs thereof. The Lessor, the Indenture Trustee and the holder of any Loan Certificate shall each have the right by its agent to inspect the Rail Cars and the Lessee's records with respect thereto at such reasonable times as the Lessor, the Indenture Trustee or the holder of

any Loan Certificate may request during the continuance of this Lease. Upon consenting to the use by any sublessee of a Rail Car outside of the United States, the Lessee will promptly deliver to the Lessor a certificate setting forth the number of Rail Cars as to which the Lessee has consented to use by such sublessee outside of the United States.

Section 10.

DISCLAIMER OF WARRANTIES; WARRANTY OF TITLE

NEITHER THE LESSOR, THE INDENTURE TRUSTEE NOR THE HOLDER OF ANY LOAN CERTIFICATE MAKES OR HAS MADE, OR SHALL BE DEEMED TO MAKE OR HAVE MADE, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, DURABILITY OF, SUITABILITY OF OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE RAIL CARS DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE LESSOR, THE INDENTURE TRUSTEE NOR THE HOLDER OF ANY LOAN CERTIFICATE MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE RAIL CARS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE RAIL CARS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY RAIL CAR, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, NOR SHALL THE LESSOR, THE INDENTURE TRUSTEE NOR THE HOLDER OF ANY LOAN CERTIFICATE BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT)

it being agreed that all such risks, as among the Lessor, the Indenture Trustee, the holder of any Loan Certificate and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the manufacturer of each Rail Car or any component thereof; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. Neither the Lessor, the Indenture Trustee nor the holder of any Loan Certificate shall have any 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 Rail Cars or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Rail Cars 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 Rail Cars. The Lessee's execution of a Certificate of Acceptance as described in Section 3 hereof shall be conclusive evidence as between the Lessee and the Lessor that the Rail Cars 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, the Indenture Trustee or the holder of any Loan Certificate based on any of the foregoing matters. The Lessor warrants that, upon its leasing of the Rail Cars to the Lessee pursuant to this Lease, title to the Rail Cars shall be of the same quality as was conveyed to the Lessor. The Lessor covenants that, during the term of this Lease, or during any renewal term thereof, the Lessor shall not create or suffer or permit any Lessor Liens attributable to it on the Rail Cars and, should any such Lessor Lien arise during the term of this Lease or during any renewal term thereof, the Lessor shall promptly discharge all such Lessor Liens.

During any renewal term of this Lease and only if the Indenture has been terminated according to its terms, the Lessor may create or permit Liens on the Rail Cars, provided that no such Lien shall materially effect Lessee's operation or use of the Rail Cars during such renewal term.

Section 11.

LAWS AND RULES

11.1. Compliance. The Lessee agrees, for the benefit of the Lessor and the Indenture Trustee, to comply in all material respects, either individually or in the aggregate (including, without limitation, with respect to the possession, use, maintenance and operation of each Rail Car), with all specifications of the manufacturer of the Rail Cars relating to the use, operation and maintenance thereof and with all laws, ordinances and regulations of the jurisdictions in which its operations involving the Rail Cars may extend (including, without limitation, occupational safety, health, fire, environmental, zoning, law enforcement and nuisance laws, ordinances and regulations), 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 Rail Cars, to the extent that such laws and rules affect the title, operation or use of the Rail Cars, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Rail Car, the Lessee will conform therewith at its own expense; provided, however, that the

Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Indenture Trustee, adversely affect the property or rights of the Lessor or the Indenture Trustee under this Lease or under the Indenture or result in any liability, criminal or otherwise, on the part of the Lessor, the Indenture Trustee or the holder of any Loan Certificate.

11.2. Reports by Lessee. The Lessee agrees to prepare and deliver to the Lessor and the Indenture Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and the Indenture Trustee) any and all reports (other than income tax returns) to be filed by the Lessor or the Indenture Trustee with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Indenture Trustee of the Rail Cars or the leasing thereof to the Lessee. The Lessor and the Indenture Trustee each agree to inform the Lessee of any request for such reports received by it.

Section 12.

MAINTENANCE

12.1. Rail Cars in Good Operating Order. The Lessee agrees that, at its own cost and expense, during the

Term of this Lease with respect to each Rail Car it will maintain and keep such Rail Car (including any parts installed on or replacements made to such Rail Car and considered an accession thereto as hereinbelow provided), fit for its intended purpose, in compliance with all manufacturer's mandatory safety bulletins, in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the interchange rules of the Association of American Railroads or other applicable regulatory body, and in at least as good condition as other similar equipment owned or leased by the Lessee. The Lessee further agrees to repair and/or replace any failed or damaged part of any Rail Car subject to this Lease (with, where applicable, components consistent with the manufacturer's specifications) within a reasonable time period, and to assume the costs and expenses of repairing or reconditioning any Rail Car subject to this Lease (including any parts installed in or replacements made to such Rail Car and considered an accession thereto as hereinbelow provided) at or prior to the surrender of possession of such Rail Car to the Lessor. The Lessee shall not permit abuse, weathering, wreckage, dilapidation or waste of such Rail Car.

12.2. Additions and Accessions. (a) Subject in all events to Sections 11.1 and 12.1 hereof, the Lessee, at

its own cost and expense, may from time to time make such other additions, modifications and improvements to the Rail Cars during the term of this Lease as are readily removable without causing material damage to the Rail Cars (and do not adversely and materially affect the value of the Rail Cars). The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with Section 12.2(b) hereof.

(b) Any and all parts installed on and additions and replacements made to any Rail Car (i) which are not readily removable without causing material damage to such Rail Car and were installed or were added to such Rail Car in contravention of the Lessee's agreements contained in Section 12.2(a) hereof, (ii) the cost of which is included in the Lessor's Cost of such Rail Car, (iii) in the course of ordinary maintenance of the Rail Cars or (iv) which are required by the interchange rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, for the operation or use of such Rail Car in railroad interchange, shall constitute accessions to such Rail Car and full ownership thereof free from any

lien, charge, security interest or encumbrance (except for those created by the Indenture and Lessor Liens) shall immediately be vested in the Lessor, and the Lessee shall comply with all provisions of Section 19 hereof applicable to such accessions.

Section 13.

INDEMNIFICATION

13.1. All of the provisions of Sections 7 and 8 of the Participation Agreement are hereby incorporated herein as though set forth at length herein.

Section 14.

DEFAULT

14.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal hereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur (whatsoever the reason for its occurrence, whether the same shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, order or decree of any court or any other rule or regulation of any administrative commission, agency or authority):

(1) default shall be made in payment of any amount provided for in Section 4, 8 or 17 hereof, and such default shall continue for five Business Days;

(2) any other payments from the Lessee or the Guarantor under the Participation Agreement, this Lease, the Guaranty or any other of the Basic Agreements shall not be made within five Business Days after written notice to the Lessee and the Guarantor from the Lessor, the Indenture Trustee or any holder of a Loan Certificate that the same has not been paid when due;

(3) the Lessee shall make or permit any assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Rail Cars, or any thereof except as expressly permitted by Section 16.2 hereof;

(4) the Lessee shall at any time fail to maintain in full force and effect insurance in accordance with all of the provisions of Section 8.5 hereof and such default will continue for five Business Days;

(5) default shall be made in the observance or performance of any of the covenants, conditions or agreements on the part of the Lessee contained in Sections 16.2 and 19 hereof;

(6) default shall be made in the observance or performance of any other of the covenants, conditions

and agreements on the part of the Lessee or the Guarantor contained herein or in any Basic Agreement and such default shall continue for 30 days after written notice from the Lessor, the Indenture Trustee or the holder of any Loan Certificate to the Lessee and the Guarantor, specifying the default and demanding that the same be remedied;

(7) any representation or warranty made by the Lessee or the Guarantor herein, in the Participation Agreement, the Guaranty or in any certificate or statement furnished to the Lessor, the Indenture Trustee or the holder of any Loan Certificate pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of making thereof;

(8) either the Lessee or the Guarantor shall make an assignment for the benefit of creditors or shall fail generally to pay their debts as they become due; or any order, judgment or decree shall be entered adjudicating the Lessee or the Guarantor bankrupt or insolvent; or the Lessee or the Guarantor shall petition or apply to any tribunal for the appointment of a trustee, receiver, custodian or liquidator of the Lessee or the Guarantor or of any substantial part of their assets or shall commence any proceedings relating to the Lessee or the

Guarantor or any substantial part of their assets under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect; or any such petition or application shall be filed, or any such proceedings shall be commenced, against the Lessee or the Guarantor and the Lessee or the Guarantor by any act shall indicate their approval thereof, consent thereto or acquiescence therein; or

(9) any order, judgment or decree shall be entered appointing any such trustee, receiver, custodian or liquidator or approving a petition in any such proceedings and such order, judgment or decree shall remain unstayed and in effect for more than 60 days and such trustee, receiver, custodian or liquidator shall not have expressly assumed the obligations of the Lessee hereunder or the Guarantor under the Guaranty prior to the elapse of the earlier of thirty (30) days after the entering of such order, judgment or decree or sixty (60) days after the institution of such proceeding; or any order, judgment or decree shall be entered in any proceedings against the Lessee or the Guarantor decreeing its dissolution and such order, judgment or decree shall remain unstayed and in effect for more than 60

days;

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 and the Guarantor terminate this Lease, whereupon all rights of the Lessee to the use of the Rail Cars shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Rail Cars may be located, without judicial process if such can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Rail Cars and thenceforth hold, possess, sell, operate, lease and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Rail Cars for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom (any such proceeds to be first applied to the obligations of the Lessee); but the Lessor shall, nevertheless, have a

right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee, as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Lessor, in its sole discretion, shall specify, (i) a sum, with respect to each Rail Car, which represents (x) the excess of the present value of installments of Basic Rent hereunder remaining unpaid at the time of such termination, over the then present value of the rental determined (at the expense of the Lessor) by an independent appraiser to be obtainable for such Rail Car ("present value" in each case to be computed on the basis of a 10.0% per annum discount, computed semiannually for the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated) or, if such Rail Car is sold, the net proceeds of the sale, plus (y) 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, representation or

warranty of this Lease other than for the payment of rental or (ii) the sum of (x) an amount, as liquidated damages for loss of a bargain and not as a penalty, equal to the excess, if any, of the Stipulated Loss Value as of the Rent Payment Date on or next preceding the date of termination (or as of the first Rent Payment Date, if such termination occurs prior thereto) over the amount determined by an independent appraiser (at the Lessee's expense) to be the fair market sales value of such Rail Car at such time plus (y) any amounts described in clause (i) (y) above; provided, however, that in the event the Lessor shall have sold any Rail Car, the Lessor, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) (x) with respect to such Rail Car, may demand that the Lessee pay to the Lessor and thereupon the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Stipulated Loss Value for such Rail Car as of the Rent Payment Date on or next preceding the date of termination (or as of the first Rent Payment Date, if such termination occurs prior thereto) over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due

hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Rail Car.

14.2. Remedies Not Exclusive; Waiver. The remedies provided in this Lease in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agree to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf. Except as otherwise provided in this Lease, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and any and all

rights of redemption; provided, however, that the Lessor shall use its best efforts to give the Lessee and the Guarantor at least ten (10) days' prior notice of the time and place of any proposed sale of any Rail Car under this Section 14.

14.3. Failure to Exercise Rights Is Not Waiver.

The failure of the Lessor, the Indenture Trustee or the holder of any Loan Certificate 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.

14.4. Notice of Event of Default. The Lessee agrees to furnish the Lessor, the Indenture Trustee, and any holder of a Loan Certificate who shall have requested of the Lessee in writing that notice of the type referred to below be furnished to it, promptly upon any Responsible Officer becoming aware of any condition which constituted or constitutes a Default or an Event of Default, written notice specifying such condition and the nature and status thereof.

Section 15.

RETURN OF RAIL CARS UPON DEFAULT

15.1. Return of Rail Cars. If this Lease shall terminate pursuant to Section 5.2 or Section 14 hereof, the

Lessee shall forthwith deliver possession of the Rail Cars to the Lessor. Each Rail Car so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, suitable for loading, shall comply with all laws and rules referred to in Section 11.1, including the interchange rules of the Association of American Railroads or other applicable regulatory body, and shall have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 12 hereof and shall have removed therefrom if so requested by the Lessor or the Indenture Trustee at the Lessee's expense (i) any addition, modification or improvement which, as provided in Section 12 hereof, is owned by the Lessee and (ii) any insignia permitted pursuant to Section 6.2. For the purpose of delivering possession of any Rail Car or Cars as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, to the extent legally required by applicable law, rules or regulations to protect the Lessor's or the Indenture Trustee's interest in the Rail Cars, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Rail Car or Cars have been interchanged or which may have

possession thereof) return the Rail Car or Cars and place such Rail Cars upon such storage tracks or other facilities as the Lessor reasonably may designate;

(b) cause such Rail Cars to be stored on such tracks or facilities for a period not to exceed one year at the risk of the Lessee without charge to the Lessor, the Indenture Trustee or the holder of any Loan Certificate for insurance, rent or storage; and

(c) cause the same to be transported to any reasonable place within the continental United States as directed by the Lessor or the Indenture Trustee. The assembling, delivery, storage, insurance and transporting of the Rail Cars 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 Rail Cars. During any storage period, the Lessee will, at its own risk, cost and expense, maintain and keep the Equipment in the manner set forth in Section 12.1 and the last paragraph of Section 18 hereof, insure the Rail Cars in accordance with the provisions of Section 8.5 hereof and permit the Lessor or any Person designated by it, includ-

ing the authorized representative or representatives of any prospective purchaser, lessee or other user of any Rail Car, to inspect the same. All amounts earned in respect of the Rail Cars after the date of termination of this Lease whether as a result of an Event of Default or otherwise shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Indenture Trustee (or, upon termination of the Indenture in accordance with Section 10.01 thereof, to the Lessor). In the event any Rail Car is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Indenture Trustee (or, upon termination of the Indenture, to the Lessor) for each day thereafter an amount equal to the per diem equivalent of the Basic Rent for such Rail Car then in effect immediately prior to such termination.

15.2. Lessor Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Rail Car to the Lessor, to demand and take possession of such Rail Car in the name and on behalf of the Lessee from whoever shall be

in possession of such Rail Car at the time.

Section 16.

ASSIGNMENT, POSSESSION AND USE

16.1. Assignment; Consent; Security for the Lessor's Obligation to Holders of Loan Certificates. In order to secure the indebtedness evidenced by the Loan Certificates, the Indenture provides, among other things, for the assignment by the Lessor to the Indenture Trustee of this Lease to the extent set forth therein and for the creation of a security interest in the Indenture Estate referred to therein for the benefit of the Indenture Trustee. The Lessee hereby consents to the assignment by the Lessor of the Lessor's right, title and interest in and to this Lease to the Indenture Trustee pursuant to the terms of, and to the extent set forth in, the Indenture and agrees that, until it receives notice from the Indenture Trustee stating that the Indenture has been terminated in accordance with Section 10.01 thereof, it will make all payments payable hereunder to the Lessor (other than payments constituting Excepted Payments) to the Indenture Trustee at American Bank & Trust Co. of Pa., Reading, Pennsylvania, federal wire number ABA031300465, for the account of Meridian Trust Company, T.U.A. G.E. Railcar, Attention: Doris J. Krick, or at such other place or to the attention of such person or department.

as the Indenture Trustee may specify from time to time in writing delivered to the Lessee not less than five Business Days prior to the due date of the payment to be made at the place specified in such writing. The Lessee acknowledges that such assignment and security interest provide for the exercise by the Indenture Trustee of all rights of the Lessor hereunder (other than rights with respect to Excepted Payments and as set forth in the Indenture) to give any consents, approvals, waivers, notices or the like, to make any elections, demands or the like or to take any other discretionary action hereunder and acknowledges receipt of an execution counterpart of the Indenture as in effect on the date hereof.

16.2. Lessee's Rights to Use the Rail Cars, to Permit Use Thereof by Others and to Sublease the Rail Cars.

(a) So long as no Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled to the possession and use of the Rail Cars in accordance with the terms of this Lease. The Lessee agrees to use or cause the Rail Cars to be used in a careful and proper manner, and to comply with and conform to all federal, state, municipal, and other laws, ordinances and regulations applicable in any way (including, without limitations, occupational safety, health, fire, environmental, zoning, law enforcement, nuisance and

other public considerations) to the inspection, possession, use or maintenance of the Rail Cars. The Lessee shall not use the Rail Car in any manner in excess of any legal or manufacturer's tolerance or for any purpose or function for which it was not specifically designed. The Lessee agrees to use or cause the Rail Cars to be used solely within the United States of America except that the Lessee may use or cause the Rail Cars to be used in Mexico and Canada; provided that the aggregate number of Rail Cars so used would not at any time result in the aggregate number of Excepted Cars being greater than 20% of the aggregate number of Rail Cars then subject to this Lease. Notwithstanding anything contained in the preceding sentence to the contrary, the Lessee may use any or all of the Rail Cars in Canada, provided the Lessee shall have first (i) taken all necessary action to protect the right, title and interest of the Lessor and the Indenture Trustee in the Rail Cars to be so used and (ii) furnished the Lessor and the Indenture Trustee with appropriate evidence of the taking of such action and with an opinion of Canadian counsel satisfactory to the Lessor and the Indenture Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and Indenture Trustee in such Rail Cars. The Lessee shall not assign its leasehold interest under this

Lease in the Rail Cars or any of them to any Person except that the Lessee may assign its rights and obligations under this Lease to any Affiliate of the Lessee provided that the Guarantor shall remain liable as provided in the Guaranty for obligations of such assignee hereunder.

(b) So long as no Event of Default shall have occurred or be continuing hereunder, the Lessee shall be entitled to the quiet and peaceful possession and use of the Rail Cars and shall be entitled to permit the use of the Rail Cars upon railroad lines in the usual interchange of traffic or pursuant to run-through agreements and to sublease the Rail Cars to any Person, but only subject to all the terms and conditions of this Lease; provided, however, that no such sublease shall affect the Lessee's obligations hereunder, which shall continue in full force and effect as the obligations of a principal and not of a surety; and provided, further, that the Lessee shall not, without the Lessor's prior written consent, sublease any Rail Car for a period extending beyond the Term of this Lease as to such Rail Car including, in each case, any rights of renewal granted to any such sublessee. The Lessee may receive and retain compensation for the use of any of the Rail Cars from railroads or other entities so using such Rail Cars. Each sublease permitted by this paragraph shall be expressly subject and

subordinate to all of the provisions of this Lease. Subject to this Section 16.2(b) any sublessee may enter into further subleases which subleases shall be expressly subject and subordinated to all of the provisions of the Lease.

Section 17.

RENEWAL OPTION; PURCHASE OPTION

17.1. Renewal for Successive Periods. Provided that this Lease has not been earlier terminated and that no Default or Event of Default shall have occurred and be continuing (i) the Lessee may, by irrevocable written notice delivered to the Lessor not less than 365 days prior to the end of the original term of this Lease, elect to extend such term in respect of all but not less than all of the Rail Cars then covered by this Lease for a period of five years (the "first extended term") commencing on the scheduled expiration of such original term; provided, however, that upon the expiration of the first extended term (without renewal of the Lease after such first extended term), the Lessee shall assume the costs and expenses of repair or reconditioning at or prior to the surrender to the Lessor, complying in all respects with Rule 88 of the interchange rules of the Association of American Railroads. The Lessee, if it has elected as aforesaid, may also, by irrevocable written notice delivered to the Lessor not less than 365 days prior to the

end of the first extended term, elect to further extend the term of this Lease in respect of all but not less than all of the Rail Cars then covered hereby for an additional period of five years (the "second extended term") commencing on the scheduled expiration of the first extended term. Upon expiration of the second extended term, the Lessee shall not be obligated to comply with Rule 88 of the interchange rules of the Association of American Railroads. The amount of rentals for each of the extended lease terms shall be at a "Fair Market Rental" payable in semiannual payment;;, in arrears, on each semiannual anniversary of the expiration of the original term in each year of such extended term. In the event of any such renewal, the Stipulated Loss Value payable in respect of an Event of Loss involving any Rail Car shall be determined by mutual consent of the Lessor and the Lessee, failing which, such Stipulated Loss Value shall, during each year of such extended term, be equal to the Fair Market Purchase Price as of the first day of such extended term, as determined in accordance with Section 17.4(b) hereof.

17.2. Determination of Fair Market Rental.

(a) Fair Market Rental shall be determined for each of the extended terms of this Lease 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 on the assumption that the Rail Cars are in the condition required by Sections 12.1 and 18 hereof, and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental.

(b) If, after 30 days from the giving of notice to the Lessor of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Rail Cars, the rental shall be determined in accordance with the criteria set forth in Section 17.2(a) hereof as of the first day of the applicable extended term by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value or values 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 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 25 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 days after

such notice is given, either party may apply, to make such appointment, to the American Arbitration Association in New York City, New York, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental as of the first day of the proposed extended term, of the Rail Cars within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental as of the first day of the proposed extended term by the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Rental as of the first day of the proposed extended term. 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 as of the first day of the proposed extended term 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.

17.3. Purchase Option. (a) Provided that this Lease has not been earlier terminated and that no Default or Event of Default has occurred and is continuing hereunder, and provided, further, that the Lessee has not notified the Lessor of its intention to extend or further extend the term of this Lease as described in the first paragraph of this Section 17, then the Lessee may, by irrevocable written notice delivered to the Lessor not less than 365 days prior to the end of the original term or then current extended term hereof, elect to purchase all but not less than all of the Rail Cars then subject to this Lease at a Fair Market Purchase Price (as determined below) payable on the last day of such original or extended term.

(b) Provided that this Lease has not been earlier terminated and that no Default or Event of Default has occurred and is continuing hereunder, upon payment of the Fair Market Purchase Price of the Rail Cars pursuant to an exercise by the Lessee of its option to purchase such Rail Cars under this Section 17.3, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or the

Lessee's assignee or nominee, a bill of sale for such Rail Cars such as will transfer to the Lessee or such assignee or nominee title to such Rail Cars, free and clear of all Lessor Liens. Notwithstanding the foregoing, if any Rail Cars so purchased are to be sold to the Lessee under a conditional sale agreement, the Lessor shall have the right to retain a security interest in such Rail Cars until such time as all payments in respect thereof have been made.

17.4. Determination of Fair Market Purchase Price.

(a) Fair Market Purchase Price shall be determined for the Rail Cars on the basis of, and shall be equal in amount to, the purchase price which would obtain in an arm's length transaction between an informed and willing purchaser (other than a dealer in used goods) and an informed and willing seller (other than a dealer) under no compulsion to purchase or sell on the assumption that the Rail Cars are in the condition required by Sections 12.1 and 18, except as provided in the last sentence of this Section 17.4(a), hereof, and, in such determination, cost of removal from the location of current use shall not be a deduction from such purchase price. In the event that the Lessee shall exercise its option to purchase the Rail Cars not less than 365 days prior to the expiration of the first extended term (as defined in Section 17.1), the determination of Fair Market

Value shall take into account the fact that the Rail Cars are in compliance with Rule 88 of the interchange rules of the Association of American Railroads. In the event of the exercise of such option to purchase not less than 365 days prior to the expiration of the second extended term (as defined in Section 17.1), the determination of fair market value shall not take into account the fact that the Rail Cars.

(b) If, after 30 days from the giving of notice to the Lessor of the Lessee's election to purchase the Rail Cars, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Purchase Price of the Rail Cars, the Fair Market Purchase Price shall be determined in accordance with the criteria set forth in Section 17.4(a) hereof by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such Fair Market Purchase Price 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 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall, within 25 days after such notice is given, appoint a third

independent appraiser. If no such third appraiser is appointed within 25 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association in New York City, New York, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Purchase Price of such Rail Cars within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Purchase Price by the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Purchase Price. 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 Purchase Price 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 such judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

Section 18.

RETURN OF RAIL CARS UPON EXPIRATION OF TERM

(a) Not less than 180 days prior to the expiration of the original or any extended term of this Lease (if the Lessee has not exercised its option to extend or further extend such term or to purchase the Rail Cars pursuant to Section 17 hereof) or any prior termination of this Lease for any reason except pursuant to Section 5.2 or Section 14 hereof, the Lessee shall, by written notice to the Lessor, designate not more than five storage tracks or other facilities selected by the Lessee to which tracks or other facilities the Lessee will deliver one or more Rail Cars. Not less than 60 days prior to the expiration of the Lease pursuant to the foregoing sentence, the Lessee shall, in a written notice to the Lessor, set forth its good faith estimate (as of the date of such notice) of the number of Rail Cars that will be delivered to each location listed in the notice given pursuant to the first sentence of this Section 18. Not less than 30 days prior to such expiration, the Lessee shall, in a written notice to the Lessor, set forth its good faith estimate (as of the date of such notice)

of the number of Rail Cars that will be delivered to each location listed in the notice given pursuant to the first sentence of this Section 18. Upon the expiration of the Lease, the Lessee shall deliver the Rail Cars, at the risk of the Lessee, to such storage tracks or other facilities selected by the Lessee. If the Lessor so requests, the Lessee shall store such Rail Cars at the expense of the Lessor for as long a period as the Lessor and Lessee shall then agree. After the Rail Cars are delivered to the Lessor pursuant to this Section 18, the Lessor will be responsible for insurance with respect to such Rail Car.

(b) The Lessee shall notify the Lessor in writing promptly after each Rail Car has been so delivered for storage, such notice to identify such Rail Car and the location thereof.

(c) After delivery of the Rail Cars pursuant to Section 18(a), such Rail Cars shall be moved at the expense of the Lessor onto such storage tracks or other facilities within the continental United States as the Lessor shall specify.

(d) After the delivery of the Rail Cars to the Lessor pursuant to Section 18(a), any costs incurred by the Lessor for maintenance of the Rail Cars shall be for the account of the Lessor.

(e) The Lessee shall pay to the Lessor rent for each Rail Car at a rate per Rail Car equal to the daily equivalent per Rail Car of the Basic Rent payable on the Rent Payment Date immediately preceding expiration of the original or extended term of this Lease, as the case may be, for each day following expiration of the original or an extended term of this Lease during which the Lessee (or any sublessee of the Lessee) has not returned such Rail Car to the storage facilities pursuant to Section 18(a).

(f) The assembling, moving, and delivery of the Rail Cars as provided for in this Section 18 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 Rail Cars.

Section 19.

RECORDING

The Lessee, at its own expense, will cause this Lease and the Indenture, to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303. The Lessee, at its own expense, will further cause appropriate financing statements or continuation statements with respect

to this Lease, the Indenture and the Rail Cars to be filed and recorded and, from time to time when required, refiled and re-recorded, in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the State of Illinois and the State of California (and, if the Lessee changes its chief executive office, in any other state where the Lessee's chief executive office is located) in the same manner as if the Lessor's interest in this Lease represented a security interest and in any other state of the United States of America or the District of Columbia where filing is necessary or reasonably requested by the Lessor, the Indenture Trustee or the holder of any Loan Certificate for the purpose of proper protection, to the satisfaction of counsel of the Lessor, the Indenture Trustee and the holder of any Loan Certificate, of their interests and rights under this Lease and the Indenture for the purpose of carrying out the intention of this Lease and the Indenture. The Lessee in addition 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 Lessor, the Indenture Trustee or the holder of any Loan Certificate for the purpose of proper protection, to their satisfaction, of

the Indenture Trustee's, the Lessor's and any Loan Certificate holder's respective interests in the Rail Cars, or for the purpose of carrying out the intention of this Lease and the Indenture (including, without limitation, any such filing, registry, depositing or recording required or deemed necessary by the Lessor or Indenture Trustee in connection with the Lessee's compliance with Section 12.2); and the Lessee will promptly furnish to the Indenture Trustee, the Lessor and each holder of a Loan Certificate which shall have required the same evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto reasonably satisfactory to the Indenture Trustee, the Lessor and each such holder of a Loan Certificate. This Lease and the Indenture shall be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 prior to the delivery and acceptance hereunder of any Rail Car.

Section 20.

LESSOR'S RIGHT TO PERFORM FOR LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable costs and expenses of the Lessor incurred in connection with such performance or com-

pliance, together with interest on such amount at the Past Due Rate in effect from time to time shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder.

Section 21.

NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at Four Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Contract Administrator - Lease Services Group; or

(b) if to the Lessee, at 33 West Monroe Street, Chicago, Illinois 60603, Attention: President (with a copy to the Guarantor at the address set forth below); or

(c) if to the Guarantor, at P.O. Box 8300, Stamford, Connecticut 06904, Attention: Manager - Operations - Transportation Financing; or

(d) if to the Loan Participant or the Indenture Trustee, at the address therefor shown on Schedule I to, or in Section 12.01 of, the Participant Agreement; or addressed

to any party at such other address as such party shall hereafter furnish to the other parties in writing.

Section 22.

SEVERABILITY

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

Section 23.

EFFECT AND MODIFICATION OF LEASE

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

Section 24.

THIRD-PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Guarantor, the Indenture Trustee and each holder of a Loan Certificate and the permitted successors and assigns of any such Person and any party hereto) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

Section 25.

EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart of this Lease other than the original counterpart which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on or immediately following the signature page hereof or thereof. 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.

Section 26.

LAW GOVERNING

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

Section 27.

IMMUNITIES; NO RECOURSE

No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any partner (general or limited), incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any 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 such partners, incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as

consideration for the execution of this Lease. In no case whatsoever shall the Lessor be personally liable on, or for any loss in respect of, any of the statements, representations, warranties, agreements or obligations of the Lessor hereunder, as to all of which the Lessee agrees to look solely to the Lessor's interest in the Rail Cars, except for any loss caused by its own willful misconduct or gross negligence.

Section 28.

AGREEMENTS FOR BENEFIT OF LESSOR'S ASSIGNS

All rights of the Lessor hereunder (including, but not limited to, its rights under Sections 7, 8, 10, 13, 14, 15, 16 and 18 hereof and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Indenture Trustee).

Section 29.

TERM LESSOR

Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any indebtedness evidenced by the Loan Certificates or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Indenture Trustee).

Section 30.

AMENDMENTS

Any amendment, modification or waiver of any provision of this Lease shall be in writing and shall be effective only if executed by the Lessor, the Lessee and the Guarantor.

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

SECURITY PACIFIC LEASING
CORPORATION,
as Lessor

By: *Carroll V. Hage*
Title: Assistant Secretary

GENERAL ELECTRIC RAIL CAR
SERVICES CORPORATION,
as Lessee

By: *Paul Veb*
Title: Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 17th day of May, 1985, before me personally came Candice Hage, known to me to be the Assistant Secretary of Security Pacific Leasing Corporation; that said instrument was signed on behalf of said Company 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 Company.



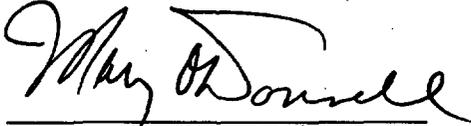
Notary Public

My commission expires:
3/30/87

MARY O'DONNELL
Notary Public, State of New York
No. 03-2942525
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1987

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 17th day of May, 1985, before me personally appeared Paul Lechner to me personally known, who, being by me duly sworn, says that he is a Vice President of General Electric Rail Car Services Corporation; that said instrument was signed 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

My commission expires:
3/30/87

MARY O'DONNELL
Notary Public, State of New York
No. 03-2942525
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1987

Uniform Commercial Code Chattel Paper Receipt*

*Receipt of this original counterpart of the foregoing Lease is hereby acknowledged on this ____ day of 1985.

MERIDIAN TRUST COMPANY

By: _____
Assistant Vice President

* Receipt contained in original counterpart only.

APPENDIX A TO LEASE
DESCRIPTION OF RAIL CARS AND LESSOR'S COST

GENERAL DESCRIPTION

150 5800 Cubic Foot Covered Hopper Rail Car for Plastics,
equipped with 100 ton roller bearing trucks and special Exxon
vents.

Car Numbers ECUX 847001 through 847150

Serial Numbers ECUX 847001 through 847150

The Lessor's Cost for each Rail Car is currently assumed to
be \$47,005.00

APPENDIX B TO LEASE
STIPULATED LOSS VALUES

<u>Rental</u> <u>Payment Dates</u>	<u>Percentage of</u> <u>Lessor's Cost</u>
08/01/85	102.9541
02/01/86	105.3217
08/01/86	107.1330
02/01/87	105.3906
08/01/87	106.3678
02/01/88	103.7788
08/01/88	103.8866
02/01/89	100.3905
08/01/89	99.5534
02/01/90	95.2510
08/01/90	94.0182
02/01/91	89.5692
08/01/91	88.1808
02/01/92	86.7074
08/01/92	85.1437
02/01/93	83.4843
08/01/93	81.7232
02/01/94	79.8578
08/01/94	77.9264
02/01/95	75.9249
08/01/95	73.8546
02/01/96	71.7113
08/01/96	69.5000
02/01/97	67.2165
08/01/97	64.8628
02/01/98	62.4347
08/01/98	59.9322
02/01/99	57.3507
08/01/99	54.6902
02/01/00	51.9460
08/01/00	49.1179
02/01/01	46.2026
08/01/01	43.1980
02/01/02	40.1019
08/01/02	36.9110
02/01/03	33.6229
08/01/03	30.2512
02/01/04	26.8516
08/01/04	23.4317
02/01/05	00.0000