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INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 1698-116]

LEASE OF RAILROAD EQUIPMENT

Dated as of March 15, 1985

between

GRAND TRUNK WESTERN RAILROAD COMPANY

Lessee,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Trustee under the Trust Agreement
dated as of the date hereof with
PACIFICORP FINANCE, INC.

[Covering 186 Enclosed Auto Racks]

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of LaSalle National Bank, as agent for a certain investor. The original of this Lease is held by said Agent.

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included for convenience only and does not form a part of this document.

LEASE OF RAILROAD EQUIPMENT dated as of March 15, 1985, between GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan and Indiana corporation ("Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, acting not in its individual capacity but solely as trustee ("Trustee") under the Trust Agreement ("Trust Agreement") dated as of the date hereof with PACIFICORP FINANCE, INC., a Delaware corporation ("Owner").

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with PORTEC, INC. ("Builder"), pursuant to which the Builder agreed to construct, deliver and sell to the Trustee the units of railroad equipment described in Appendix A hereto ("Equipment").

The Builder is assigning certain of its interests in the CSA pursuant to an Agreement and Assignment dated as of the date hereof ("CSA Assignment") to LA SALLE NATIONAL BANK, acting as agent ("Agent") for an institutional investor (together with its successors and assigns, "Investors") under a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Agent, the Owner, GRAND TRUNK CORPORATION ("Guarantor"), the Trustee and the Investors.

The Lessee desires to lease from the Trustee such units of Equipment as are delivered and accepted and settled for under the CSA ("Units") upon the terms and conditions hereinafter provided. The Trustee will assign this Lease for security to the Agent pursuant to an Assignment of Lease and Agreement dated as of the date hereof ("Lease Assignment") and the Lessee will acknowledge and consent thereto pursuant to the Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

In consideration of the agreements hereinafter set forth, the Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

SECTION 1. NET LEASE

This Lease is a net lease and all rentals and other amounts hereunder shall be net to the Trustee and all costs, expenses and obligations of every kind and nature relating to the Units shall be paid by the Lessee, except as otherwise provided herein. Each of the Lessee's obligations to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, 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 Trustee under this Lease or the CSA, including the Lessee's rights by subrogation thereunder to the Builder, the Agent or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate or the respective obligations of the Trustee or the Lessee be otherwise affected by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Trustee or the Agent for any reason whatsoever.

SECTION 2. DELIVERY AND ACCEPTANCE OF UNITS

The Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA and to endorse the correctness of the Purchase Price on invoices therefor from time to time submitted by the Builder. Each delivery of a Unit to the Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States at which such Unit is so delivered to the Trustee. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the CSA) and otherwise acceptable, to accept delivery of such Unit on behalf of the Trustee under the CSA and on behalf of itself hereunder and execute and deliver to the Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease; provided, however, that the Lessee agrees that no authority is hereby vested in the Lessee to take delivery of or accept for the Trustee under the CSA any unit of Equipment which the Builder has agreed not to deliver under Section 3.1, 3.3 or 4.1 of the CSA and the Lessee agrees not to take delivery of or accept any such unit of Equipment for the Trustee under the CSA or for itself hereunder, and that the delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to Section 3.1, 3.3 or 4.1 thereof or Section 4 of the CSA Assignment shall be ineffective to subject such unit to this Lease.

SECTION 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Trustee, as rental for each Unit subject to this Lease, (a) one interim rental payment on July 2, 1985, and (b) 20 consecutive semiannual payments, in arrears, on January 2 and July 2 in each year, commencing on January 2, 1986, and ending on July 2, 1995. The interim rental payment shall be an amount equal to .0368% of the Purchase Price for each Unit for each day elapsed from and including the Closing Date (as defined in Section 4.2 of the

CSA) to, but not including July 2, 1985. The twenty semiannual rental payments shall each be in an amount equal to 6.6238% of the Purchase Price of each Unit subject to this Lease.

The foregoing semiannual rental payments have been calculated on the assumptions that the Closing Dates on which the Trustee shall purchase and pay for units of Equipment shall occur on March 15, 1985, April 19, 1985 and May 24, 1985, that the Purchase Price for units of Equipment purchased and paid for by the Trustee on such dates shall be $1,288,200, 3,466,400, and 1,247,904, respectively, and that the CSA Indebtedness (as defined in Section 4.3 of the CSA) will be paid to the Builder by the Agent on each Closing Date; and if any of the foregoing assumptions proves to be incorrect, the foregoing rental payments and the related Casualty Values set forth in Appendix B hereto shall be increased or decreased by such amount as shall, in the reasonable opinion of the Owner, cause the Owner's after-tax yields and cash flows to be the same as if such assumptions had been correct.

In addition to the foregoing rentals, the Lessee hereby agrees to pay on an after-tax basis to the Trustee as rent amounts equal to the amounts required by the Trustee to make the payments provided for in the next to the last sentence of Section 2.5, the last sentence of Section 10.1 and in Section 10.2 of the Participation Agreement on the dates required for such payments (without regard to the limitation of the obligation of the Trustee set forth therein) and the Trustee agrees to apply such rentals for such purposes.

Notwithstanding the foregoing, the rentals payable will never be less than those amounts required to enable the Trustee to satisfy its obligations to pay the CSA Indebtedness and the interest thereon when due regardless of any limitation of liability set forth in the CSA.

3.2. Payment on Nonbusiness Day. If any of the rental payment dates referred to in § 3.1 is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, Detroit,

Michigan, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

3.3. Instructions To Pay Agent and Trustee. Upon execution and delivery of the Lease Assignment and until the Agent shall have advised the Lessee in writing that all sums due from the Trustee under the CSA have been fully satisfied and discharged, the Trustee irrevocably instructs the Lessee to make all the payments, other than Excepted Payments (as defined in the Lease Assignment), provided for in this Lease by wire transfer to the Agent at 135 South LaSalle Street, Chicago, Illinois, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Agent), with a notation that payment is for credit to its Corporate Trust Department's Account No. 61-5938-80-0 with the advice that the payment is "Re: GTW 3/15/85". If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Agent in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied, payments thereafter due shall be made to the Trustee in immediately available funds in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 hereof by wire transfer of immediately available Federal funds at or prior to 11:00 a.m. at the place where such payment is to be made.

SECTION 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance thereof pursuant to § 2 hereof and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. All rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights and obligations of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term; provided, however, that

so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Agent is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

SECTION. 5. IDENTIFICATION MARKS

The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto and will keep and maintain, plainly and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Trustee's and the Agent's title to and property in such Unit. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on each side thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Agent and the Trustee and filed by the Lessee in all public offices where this Lease and the CSA shall have been filed and (ii) the Lessee shall have furnished the Agent and the Trustee an opinion of counsel in form and substance satisfactory to the Agent and the Trustee to the effect that such statement has been so filed, such filing will protect the Agent's and the Trustee's interests in such Units and no filing with or giving of notice to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Agent and the Trustee in such Units.

The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its permitted sublessees, but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

SECTION 6. GENERAL TAX INDEMNIFICATION

The Lessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify the Trustee in both its individual and fiduciary capacities, the Owner, the Agent, the Investors and their successors and assigns ("Indemnified Persons") against all taxes, assessments, fees, withholdings and other governmental charges of any nature whatsoever, including without limitation penalties and interest (all such taxes, assessments, fees, withholdings, governmental charges, penalties and interest called "Taxes"), imposed on, incurred by or asserted against any Indemnified Person or any Unit in whole or in part on account of or with respect to this Lease or the CSA or in any way relating to or arising or alleged to arise out of this Lease, the CSA, the Participation Agreement, the Lease Assignment, the CSA Assignment or the Units or the manufacture, purchase, acceptance or rejection of the Units or any portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, the transfer of title, operation, maintenance, repair, condition, sale, return or other disposition of the Units or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom; provided, however, that there shall be no indemnification hereunder (i) for any Taxes imposed on or measured by any fees or compensation received by the Trustee or the Agent or for any Taxes payable solely as a result of any actions taken or omissions to take any actions by such Indemnified Person in breach of any covenant set forth in this Lease or in any other document contemplated by the Participation Agreement, (ii) for any Taxes (or other levies in lieu of Taxes) on, or measured by, the net income of any Indemnified Person (and any franchise taxes imposed in lieu of any such Taxes or other levies on or measured by the net income of such Indemnified Person) which are imposed by such Indemnified Person's home state or by any other jurisdiction located within the United States (other than the Lessee's home state) in which the Equipment is not from time to time located and (iii) for any penalties, fines or interest where such levy or Tax is not paid, if the Trustee or the Owner was aware, and the Lessee was not aware, of the Tax and its due date and the Trustee or the Owner failed to notify Lessee thereof in a timely manner. The Lessee shall pay all Taxes for which it assumes liability hereunder when such Taxes are due and will indemnify each Indemnified Person to the extent required by this § 6 within 10 days after receipt of a written request by such Indemnified Person for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes

in question; provided, however, that if any Taxes are being contested in accordance with the sixth paragraph of this § 6, any payment shall be made at the time therein provided.

In the event that the Trustee shall become obligated to make any payment to the Builders or the Agent or otherwise pursuant to any corresponding provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Trustee as will enable the Trustee to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements or reports with respect to Taxes are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Trustee and the Agent in such Units, as shall be satisfactory to the Trustee and the Agent; provided, however, that the Trustee shall, with respect to any state of the United States or political subdivision thereof, file such returns, statements and reports relating to sales or use taxes or value added taxes and taxes, fees and charges on or measured by the Trustee's gross receipts arising from the Units as the Lessee shall determine (or, in the case of any such gross receipts tax as the Trustee shall advise) are required to be filed and as shall be prepared by the Lessee, and the Trustee shall remit the amount thereof upon payment by the Lessee to the Trustee (such payment to be made promptly upon demand by the Trustee therefor) of such taxes, fees and charges except as provided above; and provided further, that the Lessee shall have no obligation to prepare or file the Trustee's fiduciary income tax return or the Agent's income tax return. To the extent that the Trustee has information necessary to the preparation of any returns, statements and reports which the Lessee must prepare or file, it will furnish such information to the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Trustee hereby authorizes the Lessee to act in the name of the Trustee and on its behalf; provided, however, that the Lessee shall indemnify and hold the Trustee harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of or incident to any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Trustee, submit to the Trustee copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Trustee of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Trustee reasonably may require to permit its compliance with the requirements of taxing jurisdictions.

If any taxing authority shall assert liability for any Taxes or propose an increase in the liability of any Indemnified Person for any such Taxes (such assertion or proposed increase called a "Claim"), indemnification for which would be required under this § 6, the Indemnified Person will notify the Lessee in writing within a reasonable time of such Claim and in sufficient time to permit contest of such Claim. If the Lessee delivers to such Indemnified Person written notice of its desire to contest such Claim within 30 days after receipt of notice from such Indemnified Person, such Claim will be contested in accordance with this paragraph, except to the extent such Claim represents amounts payable to the Agent under Article 6 of the CSA. If reasonably requested by the Lessee in writing and upon receipt of an indemnification reasonably satisfactory to the Indemnified Person, such Indemnified Person will contest, or permit the Lessee to contest, such Claims; provided, however, that such contest shall not materially and adversely affect the right, title and interest of the Trustee in the Units and the Lease; and provided, further, however, that no Event of Default hereunder shall have occurred and be continuing. Such Indemnified Person will cooperate with any reasonable request made by the Lessee or its counsel in connection therewith; provided, however, that such Indemnified Person may, after consultation with the Lessee and, after consideration of Lessee's desires as to choice of forum, in its sole discretion determine in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund, and such Indemnified Person shall not be required to take any action pursuant to this paragraph unless and until the Lessee shall have agreed to indemnify such Indemnified Person in a manner reasonably satisfactory to such Indemnified Person for any liability or loss which such Indemnified Person may reasonably incur as a result of contesting the validity of any Claim and shall have agreed to pay such Indemnified Person on demand all costs and expenses which such Indemnified Person may reasonably incur in connection with contesting such Claim (including fees and disbursements of counsel). If in any such

contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to such Indemnified Person on an interest-free basis sufficient funds to pay the Taxes which are to be contested. Upon receipt by any Indemnified Person of a refund of any Taxes paid by the Lessee pursuant to this paragraph, the amount of such refund and any interest paid to such Indemnified Person with respect thereto shall be paid to the Lessee forthwith upon receipt by such Indemnified Person; provided, however, that no Event of Default shall have occurred or be continuing hereunder.

The Lessee covenants and agrees to pay all amounts due under this § 6 free of any Taxes and to indemnify each Indemnified Person against any Taxes imposed by reason of any payment made by the Lessee so that the Indemnified Person to whom or for whose benefit the payment is made shall receive an amount which, net of any Taxes or other charges required to be paid by such Indemnified Person in respect thereof and, to the extent possible, after taking into account any deductions permitted by reason of such indemnification, shall be equal to the amount of payment otherwise required hereunder.

In the event that the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

SECTION 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

7.1. Definition of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged from any cause whatsoever or in the reasonable opinion of the Lessee damaged to such extent that it is uneconomical to maintain such Unit in accordance with the standards required by this Lease during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to § 14 or 17 hereof, or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government or any other governmental entity (including a foreign governmental entity) for a stated period which shall exceed the then remaining term of this Lease or resulting in loss of possession by the Lessee for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof or any event shall occur with respect to any Unit

which constitutes a Casualty Occurrence under § 11.3 hereof (each such occurrence called a "Casualty Occurrence"), the Lessee shall promptly and fully notify the Owner, the Trustee and the Agent with respect thereto and shall deliver to the Owner, the Trustee and the Agent a certificate of an authorized officer of the Lessee identifying the unit or units suffering such Casualty Occurrence and the nature thereof. On the next succeeding rental payment date (each such date called a "Casualty Payment Date"), the Lessee shall pay to the Trustee an amount equal to the Casualty Value (as defined in Section 7.4 hereof) in respect of such Unit as of such rental payment date plus the rental due on such Unit or such date. Upon the occurrence of a Casualty Occurrence in respect of any Unit, and upon the making of such payments by the Lessee, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and the Trustee shall be entitled to recover possession of such Unit whether or not such Unit is in the possession of the Lessee; provided, however, that the Lessee shall have no liability to return a Unit which has been lost, stolen or completely destroyed if the Lessee is unable to recover such a Unit.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Trustee with respect thereto and pay the Trustee at the end of the term of this Lease an amount equal to the Casualty Value as of the end of the term of this Lease. Following such payment and provided that no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value previously paid by the Lessee plus the Lessee's reasonable and documented costs in such proceeding and any balance of such payments shall be the property of the Trustee and shall be paid to the Trustee forthwith. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Trustee, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the

condemnation payments theretofore received by the Lessee shall equal such Casualty Value previously paid by the Lessee plus the Lessee's reasonable and documented costs in such proceeding and the balance of such proceeds shall be paid to the Trustee forthwith. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such application of condemnation payments for such use in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Trustee in the manner provided in § 17 hereof, except for the requirements set forth in the second sentence of the second paragraph of § 17.1 hereof.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease at the expiration of the original or extended term hereof and before such Unit shall have been returned in the manner provided in § 17 hereof, the Lessee shall promptly and fully notify the Trustee with respect thereto and pay to the Trustee (in addition to any amounts due pursuant to § 17 hereof) an amount equal to the Casualty Value as of the end of the term of this Lease. Upon the making of any such payment by the Lessee in respect of any Unit the Trustee shall be entitled to recover possession of such Unit whether or not such Unit is in the possession of the Lessee; provided, however, that the Lessee shall have no liability to return a Unit which has been lost, stolen or completely destroyed if the Trustee is unable to recover such a Unit.

7.2. Requisition by United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the penultimate paragraph of § 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Trustee or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to or retained by the Lessee, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

7.3. Lessee Agent for Disposal. The Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof before and after expiration of the Lease at the best price

obtainable on an "as is, where is" basis. If the Lessee has previously paid the Casualty Value to the Trustee, the Lessee shall be entitled to the proceeds of such sale or condemnation to the extent they do not exceed the Casualty Value of such Unit and shall pay forthwith any excess to the Trustee.

7.4. Amount of Casualty Value. The Casualty Value of each Unit as of the Casualty Payment Date on which payment is to be made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Appendix B hereto opposite the Casualty Payment Date next succeeding the actual date of such Casualty Occurrence; but in no event shall such amount be less than the "Casualty Value" (as defined in Section 7.3 of the CSA) as of such Casualty Payment Date.

7.5. No Release. Except as provided in this § 7, the Lessee shall not be released from its obligations hereunder in the event of any Casualty Occurrence, and shall bear the risk of any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

7.6. Insurance To Be Maintained. The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained types and amounts of insurance in respect of the Units at the time subject hereto and the use and operation thereof, including, without limitation, property insurance and public liability insurance, in such amounts and for such risks as is customary in the industry for comparable railroad companies and with such insurance companies as are at least comparable to insurance coverage carried by the Lessee in respect of similar equipment owned or leased by it; provided, however, that, in respect of property insurance, the Lessee may self-insure any Unit to the extent that it self-insures similar equipment owned by it. The Lessee hereby assigns and transfers to the Trustee and the Agent, as their interests may appear, all right, title, and interest in and to any insurance proceeds paid under any policy of insurance to the extent such proceeds relate to the Units or the use and operation thereof as aforesaid. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Owner, the Trustee and the Agent and (ii) name the Owner, the Trustee in both its individual and fiduciary capacities and the Agent as additional insureds or loss payees, as their respective interests may appear, and, in the event such policies contain breach of warranty

provisions, such policies shall provide that in respect of the interests of the Owner, the Trustee and the Agent in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Owner, the Trustee and the Agent) and shall insure the Owner, the Trustee and the Agent regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Owner, the Trustee and the Agent). On or prior to the Documents Closing Date under the Participation Agreement and thereafter not less than 15 days prior to the expiration dates of the expiring policies, the Lessee shall deliver to the Owner, the Trustee and the Agent evidence satisfactory to them of the insurance required to be maintained pursuant to this Section 7.6.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Trustee or the Agent, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Trustee and the Agent for all expenditures made by the Trustee or the Agent for such insurance, together with interest thereon computed at the rate set forth in Section 19 in respect of overdue rentals from the date of the Agent's or the Trustee's payment until reimbursed by the Lessee.

If the Trustee shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Trustee shall, if no Event of Default exists and no event has occurred which with the lapse of time or the giving of notice would be an Event of Default and subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments (up to the amount of the Casualty Value paid) to the Lessee. All insurance proceeds received by the Trustee in respect of any Unit not suffering a Casualty Occurrence shall be paid, provided that no Event of Default hereunder has occurred and is continuing, to the Lessee upon proof satisfactory to the Trustee and the Agent that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

SECTION 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1986, the Lessee will furnish to the Trustee, the Owner and the Agent an accurate statement stating (a) as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA and of all Units that have suffered a Casualty Occurrence 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 such other information regarding the condition and state of repair of the Units as the Trustee, the Owner or the Agent may reasonably request, (b) in the case of all Units repainted or repaired during the period covered by such statement, that the numbers and markings required by § 5 hereof have been preserved or replaced and (c) that the Lessee is in compliance under this Lease and has performed or has caused to be performed the required maintenance of the Units and that no event has occurred which with notice or the lapse of time or both would constitute an Event of Default. The Trustee, the Owner and the Agent shall each have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as they may request during the continuance of this Lease.

SECTION 9. DISCLAIMER OF WARRANTIES

NEITHER THE TRUSTEE NOR THE OWNER DOES MAKE, 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, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE TRUSTEE NOR THE OWNER DOES MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Trustee, the Owner and the Lessee, are to be borne by the Lessee; but the Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Trustee or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Trustee may have

against the Builder under the provisions of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Trustee may assert and enforce such claims and rights at the Lessee's sole cost and expense. Neither the Trustee nor the Owner 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 Units 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 Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units, except to the extent any of the foregoing result from any misrepresentation by the Trustee or from the gross negligence or wilful misconduct of the Trustee. The Lessee acknowledges and agrees that each Unit is of a size, design, capacity and manufacture selected by the Lessee and that the Lessee is satisfied that the same is suitable for its purpose. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee, the Owner and the Trustee that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Trustee, the Owner or the Agent based on any of the foregoing matters.

SECTION 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Trustee, the Owner and the Agent, to comply in all respects (including without limitation the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units by the Lessee or any sublessee (all such laws and rules to such extent called "Applicable Laws"), and in the event that the Applicable Laws require any alteration, replacement or addition of or to any part on any Unit, 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 Applicable Law in any reasonable manner which does not, in the opinion of the Trustee or the Agent, materially and adversely affect the property or rights of the Trustee or the Agent under this Lease or under the CSA.

10.2. Reports for Trustee and Agent. The Lessee agrees to prepare and deliver to the Trustee, the Owner and the Agent within a reasonable time prior to the required date of filing (or, to the extent permissible, file on their behalf) any and all reports (other than income tax returns) to be filed by the Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Trustee or the beneficial interest of the Owner of the Units or the leasing thereof to the Lessee.

SECTION 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee, at its own cost and expense, will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the Applicable Laws, in a manner consistent with the Lessee's insurance policies and the Builder's warranties and in the same condition as other similar Equipment owned or leased by the Lessee.

11.2. Additions and Accessions. (1) In addition to any repairs, alterations, replacements or additions required to be made by the Lessee pursuant to §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units as are readily removable without causing material damage to the Units (and do not adversely affect the value of the Units) which shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with § 11.2(2) hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit, whether or not installed or added to such Unit in

contravention of § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit in railroad interchange by the Applicable Laws, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA and Permitted Liens as defined in § 15.2 hereof) shall immediately be vested in the Trustee and the Agent as their respective interests may appear in the Unit.

11.3. Flatcars. At all times prior to the expiration of this Lease or any renewal thereof, the Lessee will cause each Unit to be and remain attached or affixed to a flatcar leased from Trailer Train Company, a Delaware corporation ("Trailer Train"), under the Form A Car Contract, as supplemented to the date hereof, between Trailer Train and the Lessee (or carriers to whose interests the Lessee has succeeded as assignee) (the "Form A Car Contract"). If for any reason the Form A Car Contract shall be in default or shall terminate as to any flatcar to which a Unit is attached or affixed, the Lessee will promptly notify the Trustee and the Owner of such default or termination, and, upon the request of the Trustee, will promptly cause such Unit to be removed from such flatcar and to be and remain attached or affixed to another flatcar. In the event that any Unit shall fail to be attached to a flatcar in accordance with the provisions of the first or second sentence of this paragraph (other than by reason of maintenance being performed in accordance with § 11.1 or 11.2 hereof) and such failure shall continue for 90 consecutive days, such Unit shall be deemed to have suffered a Casualty Occurrence under § 7 hereof.

SECTION 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay and shall protect, indemnify and hold harmless the Trustee (in both its individual and fiduciary capacities), the Owner, the Agent and their respective successors, assigns, agents and servants ("Indemnified Persons") from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all documented liabilities, obligations, damages, costs, disbursements or expenses relating thereto, including without limitation, the reasonable

attorneys' fees and expenses of any Indemnified Person) in any way relating to or arising or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return, storage or other disposition of any Unit or portion thereof; (ii) any latent and other defects whether or not discoverable by the Indemnified Person or the Lessee; (iii) any claim for patent or trademark infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner arising or alleged to arise out of the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Indemnified Person, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation or alleged violation of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; or (vii) any claim arising out of any of the Trustee's obligations under the Lease Assignment or the Agent's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement (all such matters called "Indemnified Matters"); provided, however, that Indemnified Matters shall not include Taxes which are covered by Section 6 hereof and that the Lessee shall not be required to indemnify with respect to any Indemnified Matter to the extent the same arises from any misrepresentation of such Indemnified Person or the gross negligence or wilful misconduct of such Indemnified Person. The Lessee shall be obligated under this § 12.1, whether or not any Indemnified Person shall also be indemnified with respect to any Indemnified Matter under any other agreement by any other person, and the Indemnified Person may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense defend such action, suit or proceeding, or cause the same to be defended by counsel selected by the Lessee and approved by such Indemnified Person, which approval shall not be unreasonably withheld, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and

expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any indemnification under this § 12, the Lessee shall pay such Indemnified Person an amount which, after deduction of all Taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such Taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against and of any other such Taxes as determined in the sole discretion of the Indemnified Person, such discretion to be reasonably applied), shall be equal to the amount of such payment. The Lessee and the Trustee each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim hereby indemnified against; and, in the case of each other Indemnified Person, such other Indemnified Person shall be required to give written notice to the Lessee of any claim hereby indemnified against in respect of such Indemnified Person promptly upon obtaining knowledge thereof; provided that any failure of any Indemnified Person to furnish such notice in a prompt manner shall relieve the Lessee from its obligation to indemnify pursuant to this Section 12.2 only to the extent that such delay in notification shall be reasonably demonstrated by the Lessee to have prevented the Lessee from effectively asserting a meritorious defense to the loss or liability so indemnified against. Upon the payment in full by the Lessee of any indemnities as contained in this § 12, (i) the Lessee shall receive any right of such Indemnified Person to proceed against others (except where the Lessee is also indemnifying a person against whom the Indemnified Person has rights) in respect of such Indemnified Matter and (ii) any payments received by such Indemnified Person from any person (except the Lessee) as a result of any Indemnified Matter shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for its indemnification payments previously made. Nothing in this § 12.1 shall constitute a guarantee by the Lessee of the CSA Indebtedness (as defined in the CSA) or a guarantee of the residual value of any Unit.

12.2. Indemnification of The Builder. The Lessee further agrees to indemnify, protect and hold harmless the Builder as a third-party beneficiary hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the

use in or about the construction or operation of any of the Units of any article or material specified by the Lessee and not manufactured by the Builder or of any design, process or combination specified by the Lessee and not developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder hereunder.

12.3. Survival. The indemnities contained in this § 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of and shall be enforceable and collectible directly from the Lessee by any Indemnified Person notwithstanding the provisions of the Lease Assignment or the Consent. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

SECTION 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event an "Event of Default") shall occur and be continuing:

(A) default shall be made in payment of any amount of rentals (under § 3.1 hereof), Casualty Values or option purchase prices (under § 16.3 hereof) provided for hereunder, and such default shall continue for five days;

(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of any Units;

(C) default shall be made in the observance or performance of any other covenant, condition or agreement on the part of the Lessee contained herein, in the Participation Agreement or the Consent (as defined in the Participation Agreement) and such default shall continue for 30 days after the written notice from the Trustee, the Owner or the Agent to the Lessee

specifying the default and demanding that the same be remedied;

(D) any representation or warranty made by the Lessee herein, the Lessee or the Guarantor in the Participation Agreement or in any certificate or written statement furnished by the Lessee or the Guarantor to the Trustee, the Owner or the Agent pursuant to or in connection with any such agreement proves untrue, misleading or incorrect in any materially adverse respect as of the date of making thereof;

(E) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee or the Guarantor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Consent and the Indemnity Agreement, or the Guarantor under the Participation Agreement, as the case may be, shall not have been and shall not continue to be duly assumed in writing within 60 days after such petition shall have been filed, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees; or

(F) any other proceeding shall be commenced by or against the Lessee or the Guarantor for any relief which includes or might result in any modification of the obligations of the Lessee hereunder or under the Consent or the Indemnity Agreement, or the Guarantor under the Participation Agreement, under any bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to be duly assumed in writing within 60 days after such proceedings shall

have been commenced, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or the Guarantor or for the property of the Lessee or the Guarantor in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers;

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

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Trustee may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized so to permit, where any of such Units may be located, without judicial process if this 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 Units and possess the same free from any right of the Lessee or its successors or assigns to use the Units for any purposes whatever; but the Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as liquidated damages for loss of a bargain and not as a penalty whichever of the following amounts that the Trustee in its sole discretion shall specify, (i) the sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this

Lease as to such Unit over the then present value of the rental which the Trustee reasonably estimates to be obtainable for each Unit during such period (such present value to be computed in each case on the basis of a 5.7% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated) or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, which the Trustee 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) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount the Trustee reasonably estimates to be the sales value of such Unit at such time. In the event the Trustee shall have sold any Unit, the Lessee shall, if the Trustee shall so elect, pay to the Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale in lieu of collecting any amounts payable by the Lessee pursuant to clause (ii) of the preceding sentence with respect to such Unit. 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 Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return or sale of any Unit.

13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Trustee 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 agrees 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 and the CSA, 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 Trustee's rights under this Lease and the CSA and any and all rights of redemption.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

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

SECTION 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 4.2 or § 13 hereof, the Lessee shall forthwith deliver possession of the Units to the Trustee. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, shall meet all standards of all Applicable Laws then in effect, and shall have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11 hereof, is owned by the Lessee or if the Lessee elects not to remove the same and the Trustee consents thereto, the

same will remain affixed to such Unit and title thereto will immediately vest in the Trustee. For the purpose of delivering possession of any Unit or Units 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, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any flatcars to which any Units are attached have been interchanged or which may have possession thereof to return such flatcar so interchanged) place such Units upon such storage tracks or other premises of the Lessee or any of its affiliates as the Trustee reasonably may designate;

(b) if so requested by the Trustee, detach each Unit from the flatcar to which it has been attached;

(c) cause such Units to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Trustee; and

(d) cause the same to be transported to any reasonable place as directed by the Trustee.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having competent jurisdiction the Trustee shall be entitled to a decree against the Lessee requiring specific performance thereof. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same. All net earnings earned in respect of the Units after the date of termination of this Lease shall belong to the Trustee and, if received by the Lessee, shall be promptly turned over to the Trustee. In the event any Unit is not assembled, delivered and stored as hereinabove provided within 30 days after such termination, the Lessee shall in addition pay to the Trustee for each day thereafter an amount equal to .046% of the Purchase Price of each such Unit for each such day that such Unit is not so returned. Such payment shall not offset the obligation of the Lessee

to redeliver the Equipment pursuant to the first sentence of this section. For purposes of this § 14, net earnings for each Unit shall be determined by aggregating all income including rentals and mileage per diem charges which the Lessee may have received or be entitled to receive in respect of such Unit and subtracting therefrom the Lessee's expenses for operating such Unit including rent, freight, interchange, running repairs and other similar charges in respect of such Unit.

14.2. Trustee Appointed Agent of Lessee. The Lessee hereby irrevocably appoints the Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit.

SECTION 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Trustee without the consent of the Lessee, however, the Trustee agrees to promptly notify the Lessee of any such assignment. The Lessee shall not be liable to pay any Assignee for any payments properly made pursuant to this Lease before it receives notice of such Assignment. The Lessee hereby acknowledges the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units. (1) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA, subject to the provisions of § 4.2 of this Lease. None of the Units may be used outside of the continental United States of America or Canada, except that up to 5% of the Units then subject to this Lease may at any time be used in Mexico. The Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them without the prior written consent of the Trustee and the Agent, except as provided in paragraph (2) of this § 15.2; and the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units without the prior written consent of the Trustee and the Agent, except as provided in said paragraph (2). The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any

party which if unpaid might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Trustee or the Agent or resulting from claims against the Trustee or the Agent not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subordinate to the interests of the Trustee and the Agent arising from a sublease permitted hereunder) upon or with respect to any Unit, including any accession thereto or the interest of the Trustee, the Agent or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises; provided that the Lessee may contest any such lien, claim, security interest or other encumbrance if the Lessee provides indemnity which shall protect the interests of the Agent, the Owner and the Trustee; and provided, further, that this covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent ("Permitted Liens").

(2) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units by it or any sublessee upon lines of any railroad or other trackage over which railroad equipment is regularly operated and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through or trip-lease agreements or pursuant to necessary maintenance arrangements and to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA, provided, however, that no such sublease shall extend beyond the term of this Lease. The Lessee shall not assign, sublease or permit the assignment, sublease or use of any Unit predominantly outside the United States of America within the meaning of Section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor shall the Lessee assign or sublease to or permit the sublease or use of the Units by any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code or, in connection with any such assignment, sublease or use, otherwise permit the Units to be used in any manner which would cause such Units to fail to qualify as "section 38 property" as so defined. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph shall be

expressly subordinate to the rights and remedies of the Agent under the CSA and the Trustee under this Lease in respect of the Units covered by such sublease and no such sublease shall relieve the Lessee of any of its obligations hereunder which, notwithstanding any such sublease, shall remain in full force and effect.

(3) So long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Agent is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, the Lessee may quietly have, hold and enjoy the Units free and clear from repossession or disturbance by the Trustee or its officers, agents, employees or servants or by anyone (including the Owner, the Agent and the Investors) claiming by, through or under the Trustee.

15.3. Merger, Acquisition or Consolidation. Nothing in this Section 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety; provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease and, provided further, however, that Guarantor shall deliver an acknowledgment to all the other parties to the Participation Agreement that its obligations under Article XV of the Participation Agreement shall be primary and shall remain in full force and effect as to such assignee or transferee.

SECTION 16. OPTIONS

16.1. Renewal for Successive Period. Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is continuing hereunder, the Lessee may by written notice delivered to the Trustee and the Owner not later than 270 days prior to the expiration of the current term of this Lease elect to extend the original term or the first extended term of this Lease in respect of not less than all the Units then covered by this Lease for a renewal term commencing on the scheduled expiration of such

original term or the first extended term of this Lease for one year with rentals payable in arrears semiannually on January 2 and July 2 at a rate equal to 50% of the average of the semiannual rental payments paid over the original term.

16.2. Purchase Options. Provided this Lease has not been earlier terminated, and no Event of Default has occurred and is continuing hereunder, upon not less than 450 days notice prior to the end of the original or any renewal term of this Lease, the Lessee may give written notice to the Trustee and the Owner that the Lessee elects to have the Fair Market Value of all the Units under the Lease determined. If the Lessee shall give such notice, the Trustee and the Lessee shall promptly cause the Fair Market Value of such Units to be determined in the manner provided in § 16.3, which determination shall be made not less than 290 days prior to the end of the current term of this Lease. After determination of the Fair Market Value, the Lessee may, not less than 270 days prior to the end of the current term of this Lease, give written notice to the Trustee and the Owner of its acceptance of the Fair Market Value and that the Lessee elects to purchase all Units under the Lease. If the Lessee shall fail to give such notice, the Lessee shall have no further right to purchase such Units under this paragraph. If the Lessee shall give such notice, the Lessee shall purchase such Units on the last business day of the term hereof at their Fair Market Value. The cost of any appraisal shall be borne as follows: (i) if the Lessee does not elect to purchase, the entire cost shall be paid by the Lessee; (ii) if the Lessee elects to purchase and the Lessee and the Trustee did agree on a single appraiser, the cost shall be shared equally by the Lessee and the Trustee; and (iii) if the Lessee elects to purchase and the Lessee and the Trustee failed to agree on a single appraiser, the Trustee will pay the cost of its appraiser and the Lessee will pay all other costs.

Upon payment of the Fair Market Value for any Unit pursuant to an exercise by the Lessee of its option to purchase with respect to such Unit, and any and all sums due hereunder, or due under the Participation Agreement or the Indemnity Agreement the Trustee shall execute and deliver to the Lessee, or upon request of the Lessee to the Lessee's assignee or nominee, a bill of sale (without warranties, except as hereinafter provided in this paragraph) for such Unit which will transfer title to such Unit and all claims against third parties including warranties in respect thereof to the Lessee, or to such assignee or nominee, as the case may be, free and clear of all claims, liens,

security interest and other encumbrances created by or arising through the Trustee or the Owner, and not related to the transactions contemplated hereby or by the Participation Agreement, other than claims, liens, security interests and encumbrances which the Lessee is obligated to pay or discharge under or pursuant to this Lease.

16.3. Determination of Fair Market Value. (1) The Fair Market Value for each Unit shall, assuming that such Unit is in the condition required by this Lease, be equal to the value which would obtain in an arm's-length transaction between an informed and willing buyer (other than a buyer currently in possession) and an informed and willing seller under no compulsion to sell, and costs of removal from the location of current use shall not be a deduction from such value.

(2) If, after 35 days from the giving of notice by the Lessee of the Lessee's election to have the Fair Market Value determined, the Trustee and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, either party to such determination may give written notice to the other requesting determination of such Fair Market Value by an 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 appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 35 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 days after such notice is given, either party may apply to make such appointment to the American Arbitration Association and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value of the Units within 90 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 Value of 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 latter average shall be final and binding upon the parties hereto as the Fair Market Value. 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 Value 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.

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF LEASE TERM

Upon the expiration of the original or any extended term of this Lease and provided the Lessee has not elected to extend the term of this Lease or to purchase the Units as provided in Section 16 hereof, the Lessee will, at its own cost, expense and risk return the Units to the Trustee in accordance with any one (and only one) of the following provisions which shall be selected by the Trustee not less than ninety (90) days prior to the actual expiration date of this Lease. The assembling, delivery, storage and transporting of the Units as hereinafter provided are of the essence of this Lease, and upon application to any court of equity having competent jurisdiction, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of such covenants of the Lessee. Any obligations of the Lessee to pay rental as hereinafter provided after the expiration of the lease term shall not offset the obligation of the Lessee to redeliver the Equipment pursuant to this Section 17.

SECTION 17.1 RETURN OF THE UNITS ATTACHED TO THE UNDERLYING FLATCAR

If and only to the extent that the Trustee has arranged for the use of the Units by any person who is qualified to utilize the underlying flatcar (and who has made arrangements to so utilize such flatcar) then the Lessee shall deliver the Units to the Trustee at any point selected by the Trustee which is along the Lessee's lines or any of the Lessee's interchange points. Delivery shall take place within thirty (30) days of the date on which this Lease terminates and if any Unit is not so returned during such period the Lessee shall pay rental for each Unit not so returned in an amount equal to .0368% of the Purchase Price of each such Unit for each day which shall have elapsed from and including the date on which this Lease terminates to but not including the date the Unit is returned. If the Trustee elects not to have the Units returned during such 30 day

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period, then such Units shall be returned to the Trustee within any 30 day period chosen by the Trustee which begins on any date which is after the expiration of this Lease and which ends not more than 90 days after such Lease expiration. Until the Units have been returned to the Trustee as set forth above, the Lessee shall pay all costs associated with such Units including but no limited to storage costs, if any, and costs of maintaining insurance in accordance with the standards set forth in Section 7.6 hereof. Lessee agrees that it will cooperate with the Trustee in any efforts that the Trustee may make to arrange for the use of the flatcars to which such Units may be affixed. If at the end of the Term any Unit is attached to a flatcar which is owned ~~or leased~~ by Lessee, Lessee agrees that on the date the Units are to be returned to the Trustee, at the Trustee's option, (i) it will lease such flatcar to any person who is qualified to utilize such flatcar who the Trustee has arranged for the use thereof for such term as the Trustee shall specify at a rental equal to the fair rental value of such flatcar or (ii) it will sell such flatcar to the Trustee or such person at a price equal to the fair market value of such flatcar, provided that Lessee shall not be prohibited from so doing by reason of contractual restrictions or otherwise.

During any storage period the Lessee will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising the rights of inspection granted under this sentence. Each Unit returned to the Trustee pursuant to this Section 17.1 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet all standards of the Applicable Laws then in effect with respect to the usage of the Units by the Lessee and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in Section 11 hereof and have removed therefrom any such device not so considered an accession; provided, however, that if the Lessee elects not to remove the same and the Trustee consents thereto, the same will remain affixed to such Unit and title thereto will immediately vest in the Trustee.

SECTION 17.2 RETURN OF THE UNITS DETACHED FROM THE UNDERLYING FLATCAR

(a) If the Trustee directs the Lessee to have the Units removed from the underlying flatcar for the purpose of having Units transferred to another flatcar or for the purpose of storing such Units, then the Lessee shall within thirty (30) days of the date on which this Lease expires deliver the Units to any shop chosen by the Trustee which is capable of performing the work in a reasonable period of time. At the time of delivery the Units shall be in the condition specified in Section 17.1 hereof. The Trustee shall direct the shop to remove the Units from the underlying flatcar at the Lessee's expense. If such shop is along the Lessee's lines the cost of transporting the Unit to the shop shall be for the Lessee's account and if the shop is not along the Lessee's lines, the Lessee shall be responsible for any transportation costs on its lines and the Trustee shall pay all other transportation costs. Upon removal from the underlying flatcar the Trustee shall direct the shop to redeliver the flatcar to the Lessee at such shop. From and after the expiration of this Lease until the earlier of (i) ninety (90) days after the expiration of this Lease, or (ii) the date the Units have been removed from the underlying flatcar the Lessee shall pay all costs associated with the Units including but not limited to storage costs and the costs of maintaining insurance in accordance with the standards set forth in Section 7.6 hereof, but excluding any transportation charges which are for the account of the Trustee as aforesaid.

(b) If the Trustee directs the Lessee to detach the Units in a form suitable for being shipped as scrap, then the Lessee shall within thirty (30) days of the date on which the Lease expires, remove the Units from the underlying flatcar, cut them into pieces which can be reasonably and safely shipped in a gondola car, load all such pieces of the Units into gondola cars and deliver such gondola cars to the Trustee's possession at any interchange point designated by the Trustee along the Lessee's lines or at any point along such lines. If any Unit is not so returned during such thirty (30) day period the Lessee shall pay rental for each such Unit that is not returned in accordance with the provisions of Section 17.1 hereof. From and after the expiration of this Lease and until the Units have been returned to the Trustee the Lessee shall pay all costs associated with the Units, including but not limited to storage costs and the costs of maintaining insurance in

accordance with the standards set forth in Section 7.6 hereof.

SECTION 18. FILING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railroad Act of Canada prior to the delivery and acceptance of any Unit hereunder, and will undertake the filing required of the Trustee under the CSA. The Lessee will further cause this Lease and/or appropriate financing statements or continuation statements to be filed and recorded, and, from time to time when required, refiled and rerecorded, in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the State of Michigan (and, if the Lessee changes its chief place of business, in any such other state) in like manner as if the Trustee's interest in this Lease represented a security interest or in any other state of the United States of America or the District of Columbia where filing is reasonably requested by the Trustee or the Agent for the purpose of proper protection, to the satisfaction of counsel of the Trustee and Agent, of their interests and rights under this Lease for the purpose of carrying out the intention of this Lease. The Lessee will from time to time perform any other act and will execute, acknowledge, deliver and file (and will refile whenever required) any and all further instruments required by law or reasonably requested by the Trustee or the Agent for the purpose of proper protection, to their satisfaction, of their respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Agent and the Trustee evidence of all such filings and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Agent and the Trustee.

SECTION 19. INTEREST ON OVERDUE RENTALS

The Lessee shall promptly pay, to the extent legally enforceable, an amount equal to 13-3/4% per annum of

the overdue rentals and other obligations due hereunder for the period of time during which they are overdue, computed on the basis of a 360-day year of twelve 30-day months.

SECTION 20. TRUSTEE'S AND OWNER'S RIGHT TO PERFORM FOR LESSEE

If the Lessee fails to perform any of its agreements contained herein, either the Trustee or the Owner may upon notice to the Lessee perform such agreement, and the amount of the reasonable cost and expenses of the Trustee or the Owner incurred in connection with such performance, together with interest on such amount at the rate of 13-3/4% per annum shall be payable by the Lessee upon demand, except as otherwise provided in this Lease. No such performance or compliance by the Trustee or the Owner shall be deemed a waiver of the rights and remedies of the Trustee or any assignee of the Trustee against the Lessee hereunder, including, without limitation, the right of the Agent to terminate this Lease pursuant to Article 16 of the CSA and the Lease Assignment, and no such performance or compliance by the Trustee or the Owner shall be deemed to cure an Event of Default hereunder for purposes of Article 16 of the CSA except as otherwise provided in Section 16.1(e) of the CSA.

SECTION 21. NOTICES

Any notice required or permitted hereunder shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a Business Day, otherwise on the next Business Day), if transmitted by mail, telex, telecopy or similar transmission, or by hand, addressed as follows:

(a) if to the Lessee, at 131 West Lafayette Boulevard, Detroit, Michigan 48226, attention of Director of Finance;

(b) if to the Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to the Owner at its address below;

(c) if to the Owner, at 851 Southwest Sixth Avenue, Suite 1600, Portland, Oregon 97204, attention of President, with a copy to Commercial Union Capital

Corporation, 115 East 57th Street, New York, N.Y. 10022, attention of Lease Administrator.

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Copies of each such notice shall be given to the Agent at 135 South LaSalle Street, Chicago, Illinois 60690, Attention of Corporate Trust Department.

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. Any such prohibition or unenforceability shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement, the CSA and the Indemnity Agreement, this Lease exclusively and completely states the rights of the Trustee and the Lessee with respect to the leasing of the Units 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 officers for the Trustee and the Lessee.

SECTION 24. EXECUTION

This Lease may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Agent pursuant to the Lease Assignment shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

SECTION 25. GOVERNING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, such additional rights arising out of the filing, recording or deposit hereof, if any, and out of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited or in which any Unit shall be located, and any rights arising out of the marking of the Units.

SECTION 26. IMMUNITIES; NO RECOURSE

Each and all of the representations, warranties, covenants and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution on account of any representation, warranty, covenant or agreement herein of the Trustee (except in the case of gross negligence or wilful misconduct of the Trustee), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder may look to said Trust Estate for satisfaction of the same.

SECTION 27. AGREEMENTS FOR BENEFIT OF TRUSTEE'S ASSIGNS

All rights of the Trustee hereunder shall inure to the benefit of the Trustee, the Owner and any of the Trustee's assigns (including the Agent).

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

GRAND TRUNK WESTERN RAILROAD COMPANY,

by

Gerald X Moas

Vice President

[Corporate Seal]

Attest:

E. S. Sartaine

Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee as aforesaid,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF MICHIGAN)
) ss.:
COUNTY OF WAYNE)

On this 27th day of March, 1985, before me personally appeared G. L. Maas, to me personally known, who, being by me duly sworn, says that he is Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan and Indiana corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal]

J. Isabelle Matusko
Notary Public

J. ISABELLE MATUSKO
Notary Public, Oakland County, MI
My Commission Expires Feb. 17, 1987
Acting In Wayne County

My Commission expires

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

On this day of 1985, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

[Notarial Seal]

Notary Public

My Commission expires

SECTION 27. AGREEMENTS FOR BENEFIT OF TRUSTEE'S ASSIGNS

All rights of the Trustee hereunder shall inure to the benefit of the Trustee, the Owner and any of the Trustee's assigns (including the Agent).

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

GRAND TRUNK WESTERN RAILROAD COMPANY,

by

[Corporate Seal]

Vice President

Attest:

Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee as aforesaid,

by

[Seal]

Authorized Officer

Attest:

Authorized Officer

STATE OF MICHIGAN)
) ss.:
COUNTY OF WAYNE)

On this day of 1985, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan and Indiana corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

[Notarial Seal] Notary Public

My Commission expires

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

On this 27th day of March 1985, before me personally appeared F. W. KAWAM , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Ruth A Emerson
Notary Public

[Notarial Seal]

My Commission expires

RUTH A. EMERSON
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

APPENDIX A TO LEASE

Units of Railroad Equipment

Type	Specifications	AAR Mechanical Designation	Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Time and Place of Delivery
tri-level enclosed auto racks w/tie downs	TRI-70-841205 12/7/84	V 430	Winder, Georgia	136	85100-85235	$34,664	$4,714,304	Apr.-June, '85 at Doraville, Georgia
bi-level enclosed auto racks w/tie downs	BI-70-841206 12/7/84	V 980	Winder, Georgia	50	85000-85049	$25,764	1,288,200	March-Apr. '85 at Reisor La.
				186			$6,002,500	

APPENDIX B TO LEASE

Casualty Values

Payment Dates	Percentage of Purhcase Price
7/2/85	105.0418484%
1/2/86	104.7813241%
7/2/86	104.5207998%
1/2/87	100.8014099%
7/2/87	99.5958850%
1/2/88	94.9530033%
7/2/88	92.8046060%
1/2/89	87.1867289%
7/2/89	84.0249824%
1/2/90	77.3580456%
7/2/90	73.2744243%
1/2/91	66.0135584%
7/2/91	61.5010167%
1/2/92	56.8693838%
7/2/92	52.0617695%
1/2/93	47.1052562%
7/2/93	41.9598219%
1/2/94	36.6552903%
7/2/94	31.1736817%
1/2/95	25.5991637%
7/2/95 and thereafter	20.0000000%