

REGISTRATION NO. 15431-A

REGISTRATION NO. 15431 Filed 1429

WILMER, CUTLER & PICKERING
2445 M STREET, N.W.
WASHINGTON, D. C. 20037-1420

REGISTRATION NO. 14431-B Filed 1429

DEC 29 1987

WILSON H. HARRISON, JR.
DIRECT LINE (202)

INTERSTATE COMMERCE COMMISSION

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663-6093

REGISTRATION NO. 15431-C Filed 1429

REGISTRATION NO. 15431-D Filed 1429

DEC 29 1987

December 29, 1987

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

50. filing fee

Burlington Northern Railroad Company
Electrical Power Purchase Financing
9.634% Secured Notes Due 1988-1998

7-363A000

DEC 29 1987

50.00

Dear Ms. McGee:

On behalf of the parties listed below, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, five enclosed executed counterparts each of five documents, not previously recorded, as listed below:

Counterpart
A.H. Harrison

12:30 PM

New Number 15431

- A

1. Trust Indenture and Security Agreement dated as of December 22, 1987, between The Connecticut Bank and Trust Company, National Association, as Indenture Trustee, and Meridian Trust Company, as Owner Trustee.

- B

2. Indenture Supplement dated December 29, 1987, of Meridian Trust Company, as Owner Trustee.

- C

3. Lease of Railroad Equipment dated as of December 22, 1987, between Meridian Trust Company, in its capacity as Owner Trustee as Lessor, and The Connecticut National Bank, in its capacity as LMX Trustee as Lessee.

- D

4. Lease Supplement No. 1 dated December 29, 1987, between Meridian Trust Company, in its capacity as Owner Trustee as Lessor, and The Connecticut National Bank, in its capacity as LMX Trustee as Lessee.

5. Assignment of Electrical Power Purchase Agreement dated as of December 22, 1987, between The Connecticut National Bank, in its capacity as LMX Trustee as Lessee (Assignor) and Meridian Trust Company, as Owner Trustee (Assignee).

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

DEC 29 12 26 PM '87
100 OFFICE OF THE SECRETARY

1. Indenture Trustee:

The Connecticut Bank and Trust Company,
National Association,
One Constitution Plaza,
Hartford, Connecticut 06115.

2. LMX Trustee-Lessee-Assignor:

The Connecticut National Bank,
777 Main Street,
Hartford, Connecticut 06115.

3. Builder:

General Electric Company,
2901 East Lake Road,
Erie, Pennsylvania 16531.

4. Owner Trustee--Lessor-Assignee:

Meridian Trust Company,
35 North Sixth Street,
Reading, Pennsylvania 19601.

Please file and record the documents referred to in this letter and index them under each of the names of the aforementioned parties, remembering the Assignee, Meridian Trust Company, should be indexed under its own name with a cross reference to this filing.

The equipment covered by the afore-mentioned documents is listed on Exhibit A attached hereto. The equipment bears the legend "Ownership Subject to a Security Agreement Filed with The Interstate Commerce Commission".

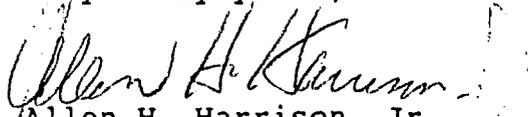
A short summary of the documents to appear in the ICC Index is as follows:

"Covers 100 locomotives, LMX 8500-8599"

There is also enclosed a check for \$50 payable to the Interstate Commerce Commission, representing the fee for recording the enclosed documents.

Once the filing has been made, please return to bearer the stamped counterparts of the documents not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this letter of transmittal.

Very truly yours,


Allen H. Harrison, Jr.
Attorney for the purpose
of this filing for the
above parties

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

DEC 29 1987

INTERSTATE COMMERCE COMMISSION

Certain of the rights and interests of the Lessor under this Lease Supplement are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association, as Indenture Trustee under a Trust Indenture and Security Agreement dated as of December 22, 1987, for the benefit of the holders of the Secured Notes referred to therein. This Lease Supplement has been executed in several counterparts. Only the original counterpart contains the receipt therefor executed by The Connecticut Bank and Trust Company, National Association, Indenture Trustee, on the signature pages thereof. No security interest in the Lessor's rights and interests under this Lease Supplement may be created through the transfer or possession of any counterpart other than the original counterpart. THIS IS NOT THE ORIGINAL COUNTERPART.

THIS LEASE SUPPLEMENT NO. 1 dated December 29, 1987, between MERIDIAN TRUST COMPANY, not in its individual capacity but solely as Owner Trustee under a Trust Agreement dated as of December 22, 1987, ("Lessor") and THE CONNECTICUT NATIONAL BANK, not in its individual capacity but solely as LMX Trustee under an LMX 1987 Trust Agreement dated as of December 22, 1987 ("Lessee").

Lessor and Lessee have heretofore entered into a Lease of Railroad Equipment dated as of December 22, 1987 (as at any time amended, modified or supplemented, herein called the "Lease" and the terms defined therein being herein used with the same meanings), which provides for the execution of Lease supplements substantially in the form hereof for the purpose of leasing the units of Equipment under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

- 1. Lessor hereby delivers and leases to Lessee, and Lessee hereby accepts and leases from Lessor, under the Lease, as herein supplemented, the units of Equipment set forth below:

<u>Lessee's Road Numbers</u>	<u>Delivery Date</u>
8500, 8501, 8506, 8510-12, 8516, 8518, 8520, 8521, 8523, 8525-8527, 8537, 8538, 8545, 8547, 8549, 8551, 8557, 8558, 8560, 8562, 8566	12/23/87
8528, 8534, 8536, 8539, 8541, 8550, 8553, 8555, 8556, 8563-8565	12/24/87
8504, 8508, 8509, 8514, 8515, 8517, 8519, 8529, 8531, 8548, 8559	12/25/87
8505, 8513, 8530, 8532, 8533, 8535, 8543, 8544, 8546, 8554	12/26/87
8502, 8507, 8522, 8524, 8542, 8552, 8561	12/27/87

2. The delivery date under the Lease of each unit of Equipment is the date set forth opposite its road number in Section 1 hereof.

3. All the provisions of the Lease are hereby incorporated by reference in this Lease Supplement, on and as of the date of this Lease Supplement, to the same extent as if fully set forth herein.

4. This Lease Supplement shall be governed by the laws of the State of New York; provided, however, that the parties hereto shall be entitled to all rights

Schedule I
to Lease Supplement No. 2

<u>Lessee's Road Numbers</u>	<u>Delivery Date</u>
8503, 8540, 8569, 8570, 8575, 8577, 8579, 8582, 8583, 8584, 8587, 8589, 8595, 8597	April 22, 1988
8574, 8580, 8588, 8590, 8593	April 23, 1988
8567, 8572, 8573, 8576, 8581, 8585, 8586, 8591, 8592, 8598 8599	April 24, 1988
8568, 8594	April 25, 1988
8571, 8578, 8596	April 26, 1988

APPENDIX C TO LEASE
Schedule of Casualty and Termination Values

<u>Interim Rent, Basic Rent or Casualty Payment Dates</u>	<u>Termination Value Percentage</u>	<u>Casualty Value Percentage</u>
12/29/87	103.99851	103.99851
3/31/88	105.70334	105.96212
6/30/88	102.00635	102.31553
9/30/88	101.37133	101.80132
12/31/88	100.69012	101.24185
3/31/89	99.92918	100.59767
6/30/89	99.07764	99.85606
9/30/89	98.14003	99.02214
12/31/89	97.12381	98.10472
3/31/90	96.02701	97.10147
6/30/90	94.85721	96.02134
9/30/90	93.62453	94.87824
12/31/90	92.33002	93.66749
3/31/91	90.97213	92.39339
6/30/91	89.55898	91.06361
9/30/91	88.09751	89.68648
12/31/91	86.58662	88.26087
3/31/92	85.02509	86.78559
6/30/92	83.41535	85.26368
9/30/92	81.75970	83.69808
12/31/92	80.05729	82.08806
3/31/93	78.30699	80.43254
6/30/93	76.50863	78.73158
9/30/93	74.66246	76.98578
12/31/93	72.76776	75.19455
3/31/94	70.84030	73.42320
6/30/94	68.94008	71.64713
9/30/94	67.00269	69.84024
12/31/94	65.02457	67.99866
3/31/95	63.00470	66.12161
6/30/95	60.95731	64.22657
9/30/95	58.88588	62.31829
12/31/95	56.78392	60.38950
3/31/96	54.65064	58.43982
6/30/96	52.49681	56.48270
9/30/96	50.32271	54.51918
12/31/96	48.12176	52.54202
3/31/97	45.89323	50.55100
6/30/97	43.64590	48.55731
9/30/97	41.37837	46.56007
12/31/97	39.08409	44.55218
3/31/98	36.76232	42.53353
6/30/98	34.35029	40.48004

Schedule II

Summary of Pricing Assumptions and Leverage

Funding and closing dates and corresponding Purchase Prices:	December 29, 1987: \$67,514,200.00 April 30, 1988: \$36,353,800.00
Depreciation and tax credits:	Pricing assumes the property is "7-year" MACRS property and no Investment Tax Credit is available.
Interim Lease Terms for respective funding:	December 29, 1987 until June 30, 1988. April 30, 1988 until June 30, 1988.
Interim rental structure:	Lessee will pay the daily equivalent of the Base Term Rentals assuming a 360 day year and 30 day months. Interim Payments with respect to the December 29th funding shall occur on March 31, 1988 and June 30, 1988. Interim Payment for the April 30th funding shall be paid on June 30, 1988.
Base Lease Commencement Date:	June 30, 1988
Base Lease Term:	10 years
Base Term Rental Structure:	During the Base Lease Term, level rental payments shall be payable quarterly in arrears with the first Base Lease Rental paid on September 30, 1988.
Debt Parameters:	9.634% interest rate on an optimized amortization schedule with debt maturing no later than June 30, 1998. The average life of the debt shall be no greater than seven years and no less than 5.75 years. The first installment of principal shall be paid on September 30, 1988.
Transaction Costs:	1.5% of Purchase Price payable on a pro rata basis at each funding. In addition, \$354,190.00 is payable at first funding.
Federal Tax Rate:	39.95% in 1987 and 34% thereafter.

Debt as percentage
of total Purchase
Price by funding:

December 29, 1987: 78.3492294%
April 30, 1988: 80.000000%

LEASE OF RAILROAD EQUIPMENT

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Consent and Agreement (the "Indemnity Support Agreement Consent"); and

WHEREAS the Lessor will grant the Indenture Trustee a security interest in certain of its rights under this Lease, the EPPA Assignment, Maintenance Agreement Assignment and other documents pursuant to the Indenture and the Lessee will acknowledge and consent thereto pursuant to this Lease or otherwise;

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

§ 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, the Lessee shall not be entitled to any abatement of rent, reduction thereof, recoupment or setoff against rent or such other amounts, including, but not limited to, abatements, reductions, recoupments or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor or the Owner under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the 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 Lessor, the Owner or any other person for any reason whatsoever; provided that if the Lessee as a result of accounting or billing errors shall pay to the Lessor an amount in respect of any rental or other payment in excess of the amount of such rental or other amount due hereunder, the Lessor promptly following mutual agreement on the amount of such excess payment shall remit such amount to the Lessee. Nothing contained in this § 1 shall be deemed to impair or otherwise prejudice the Lessee's right to assert and sue upon any claims it may have from time to time against any other party in one or more separate actions.

§ 2. DELIVERY

2.1. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Agreement. Each delivery of a Unit to the Lessor under the Purchase Agreement shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Lessor. Upon such delivery, the Lessee will cause an agent of the Lessee or an officer or employee of Consumer, acting as agent for the Lessee, to inspect the same and, if such Unit is found to be acceptable to such person, to execute and deliver a Certificate of Availability in respect thereof in accordance with the provisions of Article 3 of the Purchase Agreement; upon delivery of such certificate the Lessee shall execute and deliver to the Lessor a Certificate of Acceptance in respect thereof in accordance with the provisions of Article 3 of the Purchase Agreement, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessor under the Purchase Agreement and the Lessee under this Lease and, subject to the following provisions of this § 2.1, shall be subject thereafter to all the terms and conditions of this Lease. The delivery and

if the aggregate rental payments payable under this § 3.1 would, solely as a result of an adjustment with respect to a Change in Tax Law described in clause (ii) of the definition of such term, increase by more than 10% over the aggregate rental payments that would be payable under this § 3.1 in the absence of such an adjustment (a "Special Purchase Event"), the Lessee shall have an option to purchase all the Units so affected by such Change in Tax Law pursuant to § 16.5 hereof. Each adjustment made pursuant to this § 3.1(3) shall satisfy the requirements of Sections 4.02(5), 4.07(1) and (2) and, on a prospective basis, 4.08(1) of Rev. Proc. 75-28 as in effect on the First Closing Date. The Lessor shall provide a schedule of such adjusted rentals and Termination Values and Casualty Values to the Lessee and the Indenture Trustee promptly after the facts have been determined and the calculations have been made together with a certificate of an officer of the Owner to the effect that such schedule has been accurately prepared in accordance with the terms hereof. Such adjustments shall become effective (subject to § 3.1(4) hereof) on the next rental payment date following delivery of such schedule and certificate. If an adjustment shall be required pursuant to this § 3.1(3), the Lessor shall exercise its rights pursuant to Paragraph 2(d) of the Participation Agreement (to the extent such Paragraph is applicable) in a manner so as to minimize the net present value of the Basic Rent. If any payment of, or payment measured by, Termination Value or Casualty Value becomes due and payable or is paid prior to the earlier of the Second Closing Date or June 30, 1988, such Termination Value or Casualty Value, as the case may be, shall, in determining the amount of such payment, be adjusted in accordance with this § 3.1(3) to take into account the fact that the Second Closing Date shall not have occurred.

(4) In the event that any dispute should arise as to the calculation of adjusted rentals (or the related Termination Values and Casualty Values) under § 3.1(3) hereof, such adjustments shall, at the request of the Lessee made within 30 days after delivery of such schedule and certificate, be subject to verification by a nationally recognized independent public accounting firm selected by the Owner and reasonably acceptable to the Lessee. Such accounting firm shall promptly either (i) confirm to the Lessee in writing that such schedule was accurately prepared in accordance with the terms hereof or (ii) recompute and deliver to the Lessee, the Owner and the Indenture Trustee such schedule prepared on such a basis. Any such recomputed

adjustments shall become effective on the next rental payment date following such delivery, and shall take into account any payments made pursuant to the original schedule of adjustments. The cost of any such verification shall be paid by the Lessee, on an After-Tax Basis, unless such verified adjustment reduces the present value of the aggregate payments of Basic Rent during the remainder of the Basic Lease Term ("PV Verified") from the present value of the aggregate payments of Basic Rent payable during the remainder of the Basic Lease Term calculated using the Owner's proposed adjustment ("PV Owner"), and the difference between PV Owner and PV Verified is in excess of 5% of the difference between (A) PV Owner and (B) the present value of the aggregate payments of Basic Rent payable during the remainder of the Basic Lease Term calculated without taking such adjustment into account, in which case such verification shall be at the expense of the Lessor. Each adjustment pursuant to § 3.1(3) hereof may, but need not (unless requested by the Lessee, the Lessor, the Owner, the Indenture Trustee or any Purchaser), be evidenced by a supplement to this Lease, but shall be effective as provided herein without regard to the date of execution of any such supplement.

(5) Anything in the foregoing provisions of this § 3.1 to the contrary notwithstanding, the rentals, Termination Values and Casualty Values as and when due and payable hereunder shall not be less than amounts which are sufficient to satisfy the obligations of the Lessor as and when due and payable under the Secured Notes then outstanding.

(6) "Net Economic Return" shall mean the Owner's (i) after-tax nominal economic yield (employing the multiple investment sinking fund methodology as utilized by LAS2), (ii) after-tax net periodic and aggregate cash flow per dollar of equity invested and (iii) present value of annual after-tax lease income as book earnings under FASB 13 per dollar of equity invested, utilizing the same methodology as was utilized by the Owner in the original computations of the Basic Lease Rates, Termination Values and Casualty Values, provided that, without affecting the aggregate amounts thereof, such after-tax cash flow and book earnings (without changing any assumption regarding any cash flow and book earnings attributable to the value realized from the Units after the end of the Basic Lease Term) during the final five years of the Basic Lease Term (as hereinafter defined), may vary by not more than 10% per annum from the

amounts assumed. "Change in Tax Law" shall mean (i)(a) any change in the Code, Treasury Department regulations, or published revenue rulings, or revenue procedures which affects the Assumptions (as set forth in Section 2 of the Indemnity Agreement) and which is enacted, adopted (in the case of Treasury Department regulations) or effective prior to or on the applicable Closing Date and (b) any other administrative pronouncement (the effects of which on the transactions contemplated by the Operative Documents are reasonably determinable) issued by the Internal Revenue Service or the Treasury Department which affects the Assumptions and which is issued and effective prior to such applicable Closing Date and (ii)(a) any legislative proposal which, if enacted, would affect the Tax Assumptions, and is in the form of either a bill proposed by a member of the House Ways and Means Committee or the Senate Finance Committee or an official release issued by the Executive Branch or a member of either such Committee, provided that such a bill or release is introduced in Congress (in the case of a bill) or issued (in the case of a release) prior to or on the applicable Closing Date (such bills and releases shall be enumerated in a list to be presented at such Closing) and such proposal (or a substantially similar proposal) is enacted into law after such Closing Date but prior to the end of the 100th Congress and (b) any administrative pronouncement not included in clause (i)(b) (the effects of which on the transactions contemplated by the Operative Documents are reasonably determinable) issued or promulgated by the Internal Revenue Service or the Treasury Department which, if effective, would affect the Tax Assumptions, provided that such an administrative proposal is issued or promulgated prior to or on such applicable Closing Date (such administrative pronouncements shall be enumerated in a list to be presented at such Closing) and, at the time issued, has an effective date subsequent to such applicable Closing Date.

3.2. Supplemental Rent. The Lessee shall also pay to the Lessor or to whomever shall be entitled thereto (on an After-Tax Basis with respect to the Owner) any and all Supplemental Rent.

3.3. Payments on Nonbusiness Days. 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 business day, unless the rental payment is due on a Saturday, in which case it shall be paid

in its entirety (as if paid on such Saturday) on the preceding business day. If payment is so deferred, no interest shall be payable with respect thereto for the period from and after the scheduled date for payment thereof to such next business day.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 11:00 a.m., New York time, on the date such payment is due.

§ 4. TERM OF LEASE

4.1. Beginning and Termination. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit under the Purchase Agreement and, subject to the provisions of §§ 2, 7, 13 and 16 hereof, shall terminate on June 30, 1998 (the "Basic Lease Term"). "Lease Term" shall mean, as to any Unit, the full term of this Lease with respect to such Unit, including the Basic Lease Term and any renewal terms exercised pursuant to § 16.1 hereof ("Renewal Terms").

4.2. Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to possession and use of the Units in accordance with the terms hereof and this Lease may not be terminated. Neither the Lessor nor any person claiming by, through or under the Lessor shall take any action in violation of the Lessee's rights to possession and use of the Units.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the road number set forth in Appendix A hereto, or in the case of any Unit not there listed such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", with

appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such Unit and the rights of the Lessor under this Lease and the rights of the Indenture Trustee under the Indenture. 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 both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road 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 Lessor and the Indenture Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Purchase Agreement shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor and the Indenture Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lessor's and the Indenture Trustee's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor and the Indenture Trustee in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia used by the Lessee or its affiliates, 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.

§ 6. TAXES

Whether or not any of the transactions contemplated hereby are consummated, the Lessee shall pay, and shall indemnify, protect, save and keep harmless the Lessor (both as trustee and in its individual capacity), the Owner, the Indenture Trustee and each Purchaser, and each other member of an affiliated group, within the meaning of Section 1504 of the Code (or any successor provision thereof), of which such respective person is a member, and the respective successors, assigns (and agents, servants, shareholders, officers, directors and employees, to the extent Taxes (as defined below) are required to be paid by

such persons) of each of the foregoing ("Indemnified Persons") from and against, any and all fees, taxes (including, without limitation, income, gross receipts, rental, turnover, franchise, excise, sales, use, occupational, capital, value-added, property and stamp taxes), levies, assessments, imposts, duties, charges or withholdings of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether imposed or levied against the Lessor, the Owner, LMX, the Indenture Trustee, the Lessee, Supplier's Contractor, any Purchaser, Consumer or the Units or any part thereof by any Federal, state or local government or taxing authority (including any territory or possession) or by any foreign government, foreign governmental subdivision or other foreign or international taxing authority (i) upon or with respect to the Units or any part thereof or any interest in any thereof, or (ii) upon or with respect to the manufacture, acquisition, construction, installation, purchase, delivery, ownership, lease, sublease, possession, repossession, rental, use, operation, transportation, rebuilding, substitution, mortgaging, (with the consent of the Lessee, GECC, Consumer or Supplier's Contractor, or any sublessee or any other user or person in possession of a Unit, or any affiliate, successor or assign of any of the foregoing, other than the Owner or the Owner Trustee or any affiliate, successor or assign of the Owner or Owner Trustee (a "User")), recording, documentation, acceptance, rejection, abandonment (by any User), importation (to the extent caused or permitted by any User), exportation (to the extent caused or permitted by any User), modification, maintenance, location, financing (but not refinancing unless undertaken with the consent of the Lessee), reoptimization, return, sale, replacement, storage or disposition of the Units or any part thereof or interest therein, or (iii) upon or with respect to the rentals, receipts, earnings or gains arising from the Units or any part thereof or interest therein or the income or proceeds with respect to the Units, including, without limitation, principal, interest and other amounts payable on the Secured Notes, or (iv) upon or with respect to this Lease, the Purchase Agreement, the Indenture, the EPPA, the EPPA Assignment, the EPPA Consent, the Maintenance Agreement, the Maintenance Agreement Assignment, the Maintenance Agreement Consent, the Operative Agreement, the Operative Agreement Assignment, the Operative Agreement Consent or the Bailment Agreement (collectively, the "Operative Documents"), including the performance of any of the

transactions contemplated hereby or thereby, or the issuance, acquisition or transfer of the Secured Notes or any successor indebtedness or the establishment of the trust or the beneficial interest of the Owner under the Trust Agreement (all the foregoing being herein collectively called "Taxes"); excluding, however: (1) Taxes which are imposed on any Indemnified Person by the Federal Government of the United States, any state or local government or taxing authority in the United States, or in any territory, possession, or commonwealth of the United States, or by any taxing authority or governmental subdivision of a foreign country in which such Indemnified Person is subjected to tax as a result of transactions or activities other than, and without regard to, the transactions contemplated by the Operative Documents, and which are imposed on, measured by, or based upon net or gross income (including gross receipts) or capital (and Taxes that are, in effect, similar to, in lieu of, or in substitution for such Taxes, including without limitation franchise taxes, conduct of business taxes, net worth taxes, minimum taxes for tax preferences or withholding Taxes) of such Indemnified Person (except to the extent such Taxes are sales, license, property or use taxes or in the nature of, or substitutes for sales, license, property or use taxes); provided, however, that, notwithstanding the foregoing exclusions, there shall not be excluded any Taxes (A) imposed by any jurisdiction (other than the United States or a jurisdiction in which such Indemnified Person (considered, for this purpose, on a separate company basis) has its principal place of business or is incorporated) to the extent of the excess of (i) the aggregate amount of such Taxes imposed on such Indemnified Person by state or local governments or taxing authorities in the United States, or in any territory, possession, or commonwealth of the United States or by governments or taxing authorities in foreign countries over (ii) the aggregate amount of such Taxes that would have been imposed on such Indemnified Person had the Units not been operated in such taxing jurisdiction, (assuming in all cases, however, that the Indemnified Person were "doing business" or otherwise subject to tax by such taxing jurisdiction without regard to the transactions contemplated by the Operative Documents) or (B) imposed by a foreign jurisdiction as a withholding tax on amounts received by the Lessor or the Owner as a result of the operation or location of any Unit in such foreign jurisdiction (except to the extent that such Taxes would not have been imposed on the Lessor or the Owner, respectively, but for (i) a voluntary assignment of the Lessor's or the

Owner's respective interests in the transactions contemplated by the Operative Documents or (ii) the failure by the Lessor or the Owner, as the case may be, to provide necessary certificates upon the reasonable request of the Lessee); (2) Taxes to the extent of the excess of such Taxes over the amount of such Taxes which would have been imposed had there not been a voluntary sale, transfer or other disposition by such Indemnified Person of any interest in the Units or any part hereof or any interest in any thereof, any interest in the estate created by the Trust Agreement, any Secured Notes, or any Operative Document or interest therein, unless such sale, transfer or other disposition results from action taken by or on behalf of such Indemnified Person in connection with or by reason of any Event of Default that has occurred or unless such sale, transfer or other disposition is for an amount of cash equal to (or determined by reference to) Casualty Value or Termination Value pursuant to the provisions of the Operative Documents or is in connection with the termination of this Lease or any act or direction of the Lessee pursuant to § 7 or 16 of this Lease; (3) Taxes to the extent incurred or imposed in respect of any period after the termination of the Lease and payment of the Secured Notes; (4) Taxes which result from the bankruptcy or other proceeding for the relief of debtors in which such Indemnified Person is the debtor, whether voluntary or involuntary, (5) Taxes imposed upon or measured by any trustee's fees for services rendered under the Trust Agreement; (6) Taxes for which the Owner is entitled to indemnification pursuant to the Indemnity Agreement; (7) Taxes which have been included in the Purchase Price of the Units; (8) Taxes imposed on any Indemnified Person which result from the gross negligence or willful misconduct of such Indemnified Person or which result from any act or omission of the Indemnified Person in violation of the provisions of the Operative Documents; (9) the excess of (i) the amount of Taxes imposed by any foreign country or subdivision thereof incurred as a result of any Indemnified Person being taxed by such foreign country or subdivision thereof on its worldwide income without regard to the transaction contemplated by this Lease, whether or not such Indemnified Person is entitled to a credit against its United States Federal income taxes for the amount imposed on it over (ii) the amount of such Taxes imposed as a result of the operation or location of the Units in such jurisdiction, such resulting Taxes to be computed on the basis of the highest tax rate at which the Indemnified Person actually pays Taxes in such jurisdiction

for the relevant year; and (10) Taxes imposed by any foreign government or taxing authority or governmental subdivision of a foreign country to the extent such taxes may be utilized by an Indemnified Person as a credit against United States Federal income taxes otherwise payable by such Indemnified Person unless the Indemnified Person elects to claim deductions for foreign taxes in lieu of such credits based on its reasonable judgment that such an election will produce more favorable tax treatment to the Indemnified Person (or any other member of the affiliated group (within the meaning of Section 1504 of the Code) (or any successor provision)) of which the Indemnified Person is a member if consolidated Federal income tax returns are filed for such group) with respect to its foreign taxes paid or accrued for a taxable year, including both foreign taxes related, and foreign taxes unrelated, to the transactions contemplated by the Operative Documents.

The Lessee further agrees that, with respect to any payment or indemnity to an Indemnified Person, the Lessee's indemnity obligations shall include any amount (the "Gross-Up Amount") necessary to hold such Indemnified Person harmless on an After-Tax Basis from all Taxes required to be paid by such Indemnified Person with respect to such payment or indemnity (after taking into account any tax benefit or aggregate net reduction in Taxes (which are not indemnified against under this § 6 or under the Indemnity Agreement) actually recognized by the Indemnified Person by reason of the Taxes indemnified against by the Lessee) under the laws of any federal, state or local government or taxing authority in the United States or in any territory, possession or commonwealth of the United States or under the laws of any taxing authority or governmental subdivision of a foreign country. If any Indemnified Person determines it has recognized a tax benefit or an aggregate net reduction in Taxes (which are not indemnified against under this § 6 or under the Indemnity Agreement) by reason of any Taxes or other liabilities paid or indemnified against by the Lessee hereunder (to the extent not previously taken into account pursuant to the the preceding sentence) such Indemnified Person shall pay (provided no Event of Default or event which, with the giving of notice or the passage of time, or both, would become an Event of Default has occurred and is continuing) to the Lessee an amount which is equal to the amount of such tax benefit or aggregate net reduction in Taxes plus the amount (the "Gross-Down Amount") of any further tax savings such Indemnified Person determines it

has recognized as a result of any payment pursuant to this sentence, but only after the Lessee shall have made all payments to such Indemnified Person due hereunder. In the event such Indemnified Person shall suffer a subsequent loss, disallowance, denial or recapture of all or any portion of any such tax benefit or tax reduction taken into account pursuant to the second preceding sentence or for which a payment was made by the Indemnified Person pursuant to the immediately preceding sentence (a "subsequent loss"), such subsequent loss shall be treated as a Tax subject to indemnification in accordance with this § 6 without regard to any other provision excluding or limiting the Lessee's obligation to indemnify for Taxes hereunder, provided, however, that the amount (exclusive of the Gross-Up Amount) payable by the Lessee to such Indemnified Person pursuant to this sentence with respect to the loss, disallowance, denial or recapture of all or any portion of any such tax benefit or tax reduction shall not exceed the sum of the amount taken into account pursuant to the second preceding sentence and the amount (exclusive of the Gross-Down Amount) paid by the Indemnified Person pursuant to the immediately preceding sentence with respect to such tax benefit or tax reduction (or portion thereof) plus a reasonable rate of interest.

For purposes of determining whether an Indemnified Person is able to utilize any foreign Taxes as a credit against its Federal income tax liability, such Taxes (to the extent constituting taxes eligible for the foreign tax credit apart from the "limitation" of Section 904 of the Code) shall be considered to be utilized as a credit based upon the assumptions that (x) such credit is utilized prior to foreign tax credits arising out of any transaction in which there is a provision that foreign tax credits arising out of such transaction are deemed to be utilized last, (y) such credit is utilized on a pro rata basis with all other foreign tax credits arising out of any lease transaction (except any transaction in which there is an express provision that foreign tax credits arising out of such transaction are deemed utilized on a more favorable basis, so long as such provision does not expressly treat the transactions contemplated by the Operative Documents in a manner different from other lease transactions), and (z) such credit is utilized after all foreign tax credits not described in clauses (x) and (y) of this sentence.

If any report or return is required to be made or filed with respect to Taxes indemnifiable hereunder, the

Lessee will notify the respective Indemnified Person of such requirement and either prepare and furnish such report or return (other than an income tax report or return) for filing by the Indemnified Person in such manner as shall be reasonably satisfactory to the Indemnified Person and send the same to the Indemnified Person, no less than 30 days prior to the due date for filing such report or return, for review and filing or, if the Indemnified Person so requests, will prepare such report or return for review and filing by the Lessee in such manner as will show the ownership of the Units in the Lessor and send a copy of such report or return to the Indemnified Person (with a copy to the Lessor) and file such report or return with the proper authorities. If a written notice shall be received by the Indemnified Person with respect to any Taxes for which the Lessee is obligated pursuant to this § 6, such Indemnified Person shall notify the Lessee promptly of the receipt of such notice. Promptly upon written request by the Indemnified Person, the Lessee will also provide the Indemnified Person with all information with respect to the Units reasonably requested by the Indemnified Person to enable the Indemnified Person to prepare any required tax report, return or other filing in any jurisdiction (whether or not such report, return or filing relates to Taxes indemnifiable hereunder and whether or not the Indemnified Person is subject to tax in such jurisdiction without regard to the transactions contemplated by the Operative Documents). In addition, as soon as practicable after the beginning of each calendar year (but in no event later than February 28 of such year), commencing with the calendar year 1988, the Lessee shall provide the Owner with a summary of the location of the Units during the preceding calendar year.

If a written claim shall be made against, and received by, any Indemnified Person for any Taxes for which the Lessee is obligated pursuant to this § 6, such Indemnified Person shall notify the Lessee promptly of such claim and send copies of such notice to Consumer and Supplier's Contractor. If the Lessee shall so request in writing within 45 days after receipt of such notice, such Indemnified Person shall in good faith, at the Lessee's expense, contest the imposition of such Taxes in such forum as the Lessee shall select in the case of any Taxes other than income taxes and in such forum as the Indemnified Person shall select in the case of any income tax. So long as the Consumer shall be obligated pursuant to Section 8 of the Consumer Agreement, each Indemnified Person shall send to

Consumer and Supplier's Contractor copies of all notices required to be sent to the Lessee pursuant to this § 6. The Lessee hereby grants to Consumer or, alternatively (upon notice received by the Indemnified Person from Supplier's Contractor) to Supplier's Contractor as the case may be, all of the rights of the Lessee hereunder relating to any contest conducted pursuant to this § 6, and each Indemnified Person acknowledges such grant and agrees, upon notice from Consumer or Supplier's Contractor, as the case may be, to substitute either Consumer or Supplier's Contractor (as specified in such notice) in place of the Lessee in all respects relating to any contest of Taxes pursuant to this § 6, provided that such substituted party assumes in writing all of the Lessee's obligations hereunder in connection with any such contest. In the event that the Indemnified Person receives conflicting notices pursuant to the preceding sentence, the notice from Consumer shall control. The Lessee may consult in any action, suit or proceeding by such Indemnified Person contesting the validity, applicability or amount of such Taxes and, upon the reasonable and timely request of such Indemnified Person (the decision to make such request being within the sole discretion of the Indemnified Person), shall assume responsibility for contesting the validity, applicability or amount of such Taxes in the name of the Indemnified Person or in the name of the Lessee, if permissible under applicable law; provided that (i) the Lessee shall not be obligated to bring any action, suit or proceeding or to prosecute any such contest; and (ii) in the event of any such contest by the Lessee, such Indemnified Person shall cooperate with the Lessee by providing to the Lessee all documents (or portions thereof), reports and other information relevant thereto (which documents (or portions thereof), reports and other information will be disclosed by the Lessee only for the purposes of such contest), by resisting payment of such Taxes if lawful and practicable or by not paying the same except under protest, if protest is necessary and proper. If the Lessee shall not be qualified to contest such Taxes or if the Indemnified Person chooses to contest such Taxes, such Indemnified Person shall in good faith contest in the name of such Indemnified Person the validity, applicability or amount of such Taxes by (A) resisting payment thereof if practicable, (B) not paying the same except under protest, if protest is necessary and proper, or (C) paying the same and using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings, provided, however, that the Indemnified Person shall have full control over any

contest pursuant to this paragraph except to the extent otherwise provided in this paragraph. If an Indemnified Person contests Taxes by making a payment thereof, the Lessee shall make an interest-free advance to such Indemnified Person, on an After-Tax Basis, in the amount of such Taxes. Notwithstanding anything contained in this § 6 to the contrary, an Indemnified Person will not be required to contest, or to continue to contest, the validity, applicability or amount of any Taxes (or portion thereof) (t) unless the Lessee shall have provided the Indemnified Person, prior to the commencement of the initial administrative or judicial proceedings, with an opinion of independent tax counsel selected by the Lessee and approved by such Indemnified Person (which approval shall not be unreasonably withheld) to the effect that a meritorious basis exists to contest the imposition of such Taxes; (u) if such Indemnified Person waives its right to indemnity hereunder with respect to such Taxes (or such portion thereof); (v) so long as an Event of Default or event which with the giving of notice or the passage of time, or both, would become an Event of Default has occurred and is continuing; (w) unless the Lessee shall have agreed in writing to reimburse such Indemnified Person, on an After-Tax Basis, for all reasonable third party costs and expenses that such Indemnified Person may incur in connection with contesting such claim (including, without limitation, reasonable legal and accounting fees and disbursements); (x) unless the Lessee shall have agreed in writing to indemnify the Indemnified Person pursuant to this § 6 with respect to the amounts payable hereunder resulting from such claim, provided, however, that the acknowledgment of this clause (x) shall be of no force or effect if the contest demonstrates with reasonable clarity that the Lessee is not liable for the Taxes so contested, but the Lessee will remain liable for all costs and expenses incurred in connection with such claims up to such determination; (y) if, in the opinion of counsel selected by the Indemnified Person and reasonably satisfactory to the Lessee (the costs of such consideration by such counsel to be reimbursed to the Indemnified Person on an After-Tax Basis by the Lessee) such contest could reasonably result in any material danger of sale, forfeiture or loss of any Unit or the creation of any mortgage, pledge, lien, charge, encumbrance, or security interest thereon or the imposition of criminal penalties or sanctions (the creation of any of the foregoing hereinafter referred to as a "Lien") other than Liens for Taxes either not yet due or being contested in good faith by appropriate proceedings so

long as such proceedings do not involve any material danger of sale, forfeiture or loss of any Unit or any interest therein; and (z) if such contest shall be conducted in a manner requiring the payment of the claim, unless the Lessee shall have advanced the amount required (on an After-Tax Basis).

If any Indemnified Person shall obtain a repayment of any Taxes paid by the Lessee pursuant to this § 6, such Indemnified Person shall promptly pay to the Lessee the amount of such repayment, together with any interest (other than interest for the period, if any, after such Taxes were paid by such Indemnified Person until such Taxes were paid or reimbursed by the Lessee) received by such Indemnified Person on account of such repayment; provided, however, that notwithstanding the foregoing portions of this sentence, if at the time such payment shall be due an Event of Default or event which with the giving of notice or the passage of time, or both, would become an Event of Default shall have occurred and be continuing, such Indemnified Person shall not be obligated to make any payment to the Lessee pursuant to this sentence unless and until such Event of Default or event which with the giving of notice or the passage of time, or both, would become an Event of Default has been cured at which time such payment shall be made (without further interest), and provided further, that the sum of all payments that the Indemnified Person shall be required to make to the Lessee pursuant to this § 6 with respect to any Tax (exclusive of any interest received by the Indemnified Person on account of a repayment of any Taxes paid by the Lessee pursuant to this § 6 to the extent such interest is required to be paid by the Indemnified Person to the Lessee pursuant to this sentence) shall never exceed the sum of the payments theretofore received by the Indemnified Person pursuant to this § 6 with respect to such Tax.

Notwithstanding the foregoing, in the event such Indemnified Person shall suffer a subsequent loss, disallowance, denial or recapture of all or any portion of any such repayment of Taxes (a "subsequent loss"), such subsequent loss shall be treated as a Tax subject to indemnification in accordance with this § 6 without regard to any other provision excluding or limiting the Lessee's obligation to indemnify for Taxes hereunder, except that, if such subsequent loss relates to the imposition of Taxes other than income Taxes, the contest provisions of the preceding paragraph of this § 6 will be applicable.

The provisions of this § 6 shall survive the expiration or termination of this Lease.

§ 7. CASUALTY OCCURRENCES; INSURANCE

7.1. Definitions of Casualty Occurrence; Replacements; Payments. (1) In the event that any Unit shall be or become lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair (i.e., the total cost of repair equals or exceeds the Casualty Value thereof less applicable salvage and scrap value) from any cause whatsoever during the Lease Term or until such Unit is returned pursuant to § 14 or § 17 hereof, or any Unit shall be taken or requisitioned or confiscated by condemnation or otherwise by any governmental authority resulting in loss of title to such Unit, or loss of the use or possession by the Lessee of any Unit for a period stated to be or in fact in excess of 180 consecutive days during the Lease Term (or, if less, the remaining term of this Lease) ("Casualty Occurrence"), the Lessee shall promptly and fully notify the Lessor and the Indenture Trustee with respect thereto. In the event any Unit shall suffer a Casualty Occurrence and Consumer shall not be responsible under the EPPA for paying the Casualty Value in respect of such Unit to the Lessee as provided in the EPPA, the Lessee shall, within 30 days of such Casualty Occurrence, notify the Lessor in writing of its election either to pay the Casualty Value (as hereinafter defined) for such Unit as provided in subsection (3) below or to convey a replacement therefor pursuant to subsection (2) below, provided that if the Lessee makes no such election, the Lessee shall be deemed to have elected to pay the Casualty Value for such Unit.

(2) If the Lessee elects pursuant to the last sentence of subsection (1) above to make a replacement for the affected Unit, the Lessee, at its sole cost and expense, shall convey or cause to be conveyed to the Lessor, and to be leased by the Lessee hereunder, a locomotive of the same make as such Unit which is substantially similar in condition to the recent condition of such Unit and which has a fair market value, utility and remaining useful life at least equal to that of such Unit (assuming such Unit had been maintained in the manner required hereunder) immediately before such Casualty Occurrence provided that if the Lessee shall not perform its obligation to effect such replacement within 180 days after such Casualty Occurrence,

then the Lessee shall pay to the Lessor the Casualty Value for such Unit (calculated as of the first Casualty Payment Date on or following such Casualty Occurrence (appropriately adjusted to give effect to Basic Rent paid after such first Casualty Payment Date)), which amount shall be payable not later than the fifth business day after such 180th day. Upon payment of such Casualty Value, together with all amounts of rent accrued with respect to such Unit to and including such date of payment, the Lease Term as to such Unit shall terminate. The Lessee's right to make a replacement of any Unit as aforesaid shall be subject to the fulfillment of the following conditions, at the cost and expense of the Lessee, at or prior to the time of such replacement:

(A) so long as the EPPA shall be in force and effect, the Lessee shall have obtained the consent of Consumer to such replacement;

(B) the Lessee shall have furnished the Lessor with a bill of sale, in form and substance reasonably satisfactory to the Lessor, with respect to the replacement locomotive;

(C) the Lessee shall have caused supplements hereto and to the Indenture to be duly executed by the parties to such agreements and filed, recorded and deposited in all public offices where this Lease and the Indenture shall theretofore have been filed, recorded and deposited;

(D) the Lessee shall have furnished the Lessor with an opinion reasonably satisfactory in form and substance to the Lessor of in-house counsel for Supplier's Contractor or other counsel selected by the Lessee and reasonably satisfactory to the Lessor to the effect that good and marketable title to the replacement locomotive has been vested in Lessor free of all Liens other than Permitted Liens;

(E) the Lessee shall take such other action as the Lessor may reasonably request in order that such replacement locomotive be duly conveyed to the Lessor, leased hereunder and subjected to the lien of the Indenture to the same extent as the Unit replaced thereby;

(F) no Event of Default shall, on the date of such replacement, have occurred and be continuing;

(G) the Lessee shall have furnished the Lessor with an appraisal, in form and substance reasonably satisfactory to the Lessor to the effect that such replacement locomotive is of the same make as such Unit, is substantially similar in condition to the recent condition of such Unit (assuming such Unit had been maintained in the condition required hereunder) and has a fair market value, utility and remaining useful life at least equal to that of such Unit at the time of such Casualty Occurrence;

(H) the Lessor shall have received evidence satisfactory to it as to the due compliance with § 5.1 and § 7.7 hereof with respect to such replacement locomotive; and

(I) the Lessee shall have provided the Lessor with an indemnity reasonably satisfactory to Lessor (with respect to both the terms of the indemnity and the ability of the Lessee to make payments thereunder) for any adverse consequences to the Lessor and the Owner resulting from such replacement, including, without limitation, identified adverse Federal, state, local or foreign tax consequences.

Upon the completion of any replacement of a Unit pursuant to this § 7.1(2), the Lessor will transfer to the Lessee (or to any person designated by the Lessee) all right, title and interest of the Lessor, on an "as-is, where-is" basis, without recourse or warranty, except for a warranty against Lessor's Liens, in and to the replaced Unit, and shall exercise such rights as it has to cause such Unit to be released from the security interest of the Indenture Trustee under the Indenture.

(3) Subject to § 7.1(2) hereof, on the rental payment date for the calendar quarter in which the Casualty Occurrence occurs (unless the Casualty Occurrence occurs within the last ten days of any calendar quarter, in which case, on the rental payment date for the next succeeding calendar quarter), (each such date (together with the date referred to in the proviso in this sentence) being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Lessor a sum equal to the Casualty Value of any

such Unit as of such Casualty Payment Date (together with all amounts of rent accrued with respect to such Unit to and including such date); provided, however, that in the event any Unit shall suffer a Casualty Occurrence after the tenth day preceding the date that the final payment of rent in respect thereof is due pursuant to § 3 hereof and before (a) such Unit shall have been returned in the manner provided in § 17 hereof and (b) the 90-day storage period therein provided with respect to such Unit shall have expired, the Lessee shall pay to the Lessor the Casualty Value of such Unit as of the last rental payment date hereunder, and any earnings or rentals accrued pursuant to § 17 hereof, on a date 30 days after such Casualty Occurrence (which date shall be deemed to be a Casualty Payment Date). Upon the making of such payment by the Lessee in respect of any Unit, the Lease Term as to such Unit shall terminate.

7.2. Requisition by Governmental Authority. In the event of the taking or requisitioning or confiscating by any governmental authority of the use or possession of any Unit (except where constituting a Casualty Occurrence pursuant to § 7.1 hereof), the Lessee shall promptly notify the Lessor of such taking or requisition or confiscation and all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such taking or requisition or confiscation had not occurred. All payments received at any time by the Lessor or the Lessee from the governmental authority in respect of such Unit for the period prior to the expiration or termination of this Lease shall be paid over to, or retained by, the Lessee, provided that no Event of Default shall have occurred and be continuing.

7.3. Lessee Agent for Disposal. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof before expiration of this Lease, at the best price reasonably obtainable under the circumstances on an "as is, where is" basis, and the Lessee shall notify the Lessor prior to any such disposition if the Lessee is to be the purchaser (in which event the purchase price paid by the Lessee shall not be less than the best price reasonably obtainable as aforesaid from an unrelated willing purchaser). Provided that the Lessee has previously paid the Casualty Value in respect of such Unit to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they

do not exceed the Casualty Value of such Unit plus the Lessee's out-of-pocket expenses in connection with such sale, and shall pay any excess to the Lessor. If the Lessee has not previously paid such Casualty Value to the Lessor, the proceeds of such sale shall be paid by the Lessee to the Lessor to reduce such obligation; the Lessee shall be entitled to any remaining proceeds to the extent they do not exceed the Lessee's out-of-pocket expenses in connection with such sale, and shall pay any excess to the Lessor.

7.4. Payments After Expiration of Lease. If the date upon which the payment by the Lessee in respect of any Unit is required to be made pursuant to § 7.1 or 7.3 hereof shall be after the Lease Term in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value. The Casualty Value of each Unit as of the Casualty Payment Date on which payment is made shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Appendix C hereto opposite such Casualty Payment Date. The Casualty Values are subject to adjustment as provided in § 3.1(3) hereof.

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

7.7. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Lessor at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, in each case of clauses (i) and (ii) above, in such amounts (subject to customary and prudent deductibles) and against such risks and with such insurance companies and subject to such self-insurance as is consistent with prudent railroad industry practices. The Lessee shall have the right but not the obligation to fulfill its obligations under this § 7.7(1) by entering into agreements with Consumer, Supplier's Contractor and/or GECC to have such parties carry and maintain the insurance policies or provide the self-insurance required under this § 7.7(1); provided, however, that

Consumer shall be required at all times during the term of the EPPA to maintain at least \$100 million of public liability insurance, which may be met, in whole or in part, by self-insurance, provided that such self-insurance retention levels do not exceed an amount equal to 5% of Consumer's common stockholders' equity as shown in its most recent audited balance sheet. The proceeds of any property insurance shall be payable to the Indenture Trustee for distribution to itself, the Lessor, and the Lessee, as their interests may appear, so long as the Indebtedness, if any, shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Any policies of insurance (other than blanket policies) carried in accordance with this paragraph shall (x) require 30 days' prior notice of cancelation or material change in coverage to the Lessor and the Indenture Trustee and (y) name the Lessor, the Owner, the Indenture Trustee and the holders from time to time of the Secured Notes as additional named insureds as their respective interests may appear and in the event such policies shall contain breach of warranty provisions such policies shall provide that in respect of the interests of the Lessor, the Owner and the Indenture Trustee in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person and shall insure the Lessor, the Owner and the Indenture Trustee regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person. On or prior to the First Closing Date, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7.7(1), the Lessee shall deliver to the Lessor, the Owner and the Indenture Trustee a duplicate original of all policies, if any, (or in the case of blanket policies, certificates thereof issued by an officer or authorized representative of the Lessee) for the insurance maintained pursuant to this § 7(1); provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, upon 5 business days prior written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the

Lessor for the cost thereof together with interest from the date of payment thereof, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

(3) Nothing in this § 7 shall prohibit the Owner or the Lessor from maintaining, at its expense, insurance for its own account with respect to the Units or any part thereof and any proceeds payable thereunder shall be payable as provided in the policies relating thereto, provided that no such insurance shall limit or otherwise adversely affect the coverage or payment of any insurance required to be maintained pursuant to this § 7.

7.8. Insurance Proceeds and Condemnation Payments. If the Lessor shall receive (directly or from the Indenture Trustee) any property insurance proceeds or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit and provided no Event of Default shall have occurred and be continuing, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to such Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. Notwithstanding the foregoing, if such proceeds are received as the result of a Casualty Occurrence and the Lessee has made or is making a replacement thereof pursuant to § 7.1(2) hereof, such payment shall be paid over to, or retained by, the Lessor, provided that at such time as the Lessee shall have completed the replacement of the affected Unit such proceeds shall be paid to the Lessee. If the Lessee shall not have previously paid such Casualty Value, such proceeds or condemnation payments shall be applied by the Lessor to reduce such obligation. All insurance proceeds received by the Lessor (directly or from the Indenture Trustee) under insurance required to be maintained by the Lessee hereunder in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof reasonably satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been or will be fully repaired, provided no Event of Default shall have occurred and be continuing.

7.9. Application of Payments During Existence of Event of Default. Any amount referred to in this § 7 or elsewhere herein which is payable or creditable to or

retainable by the Lessee, but which is not so paid or credited or retained as the result of the occurrence and continuance at the time in question of any Event of Default, shall be paid to the Lessee (without interest) at such time as there shall not be continuing any Event of Default.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1989, the Lessee will furnish to the Lessor, the Owner and the Indenture Trustee an accurate statement (a) setting forth as at the preceding December 31 the total number, description and road numbers of all Units then leased hereunder, the total number, description and road numbers 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 repair (other than running repairs) and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof have been preserved or replaced. The Lessor, the Indenture Trustee, the Purchasers and the Owner shall each have the right (but not any obligation) by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor, the Indenture Trustee or the Owner may request during the continuance of this Lease, provided that such inspection does not unreasonably disrupt or interfere with the use of the Units or the performance by Supplier's Contractor of its obligations under the Maintenance Agreement and provided further that such persons shall execute Supplier's Contractor's or Consumer's standard release form (dealing with waiver of liabilities other than under the Operative Documents) as a precondition to entering upon its property to conduct such inspection.

§ 9. DISCLAIMER OF WARRANTIES

THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT 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 THE LESSOR DOES NOT 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, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, except that the Lessor warrants that on its respective Closing Date each Unit shall be free of any lien of any person claiming by, through or under the Lessor or the Owner which (i) arises from acts or omissions of or claims against the Lessor or the Owner, unrelated to the transactions contemplated by the Owner Trustee Documents or the Owner Documents, (ii) results from acts of the Lessor or the Owner (a) not permitted or contemplated by the Owner Trustee Documents (or the Owner Documents), (b) not consented to by the Lessee or (c) not taken by reason of an Event of Default or (iii) arise from Taxes imposed against the Lessor or the Owner, for which the Lessee is not obligated to indemnify pursuant to § 6 hereof (collectively, "Lessor's Liens"). The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other 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. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Indenture Trustee based on any of the foregoing matters.

§ 10. LAWS AND RULES

The Lessee agrees, for the benefit of the Lessor and the Indenture Trustee, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads (if applicable) and with all

lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation, maintenance or use of the Units, and in the event that, prior to the expiration of this Lease, such laws or rules require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee (or any other user of the Units) may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor and the Indenture Trustee, adversely affect the property or rights of the Lessor or the Indenture Trustee under this Lease or under the Indenture.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee will, at its own cost and expense, 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 (a) in good repair, working order and operating condition, ordinary wear and tear excepted, (b) in compliance in all material respects with all applicable laws and regulations and (c) in strict accordance with manufacturer's recommendations as to condition and serviceability.

11.2. Additions and Accessions. (1) In addition to any additions, modifications and improvements that the Lessee shall be required to make pursuant to §§ 10 and 11.1 hereof, the Lessee (or any other user of the Units permitted by § 15.2 hereof), at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the Lease Term as are readily removable without causing damage to the Units and do not impair the value, utility or useful life of any Unit or cause any Unit to become "limited use property" within the meaning of Rev. Proc. 76-30 (or successors thereto). The additions, modifications and improvements made by the Lessee (or such user) under the preceding sentence shall be owned by the Lessee (or such user) if removed from the Units prior to the time such Units are returned as provided in §§ 14 and 17, except to the extent such additions, modifications or improvements are made as described in § 11.2(2) hereof. The Lessee (or such user) shall have the right, at its own cost

and expense, to make additions, modifications and improvements to the Units, in addition to those required under §§ 10 or 11.1, that are not readily removable without causing damage to the Units, provided that such additions, modifications and improvements do not impair the value, utility or useful life of any Unit or cause any Unit to become "limited use property" within the meaning of Rev. Proc. 76-30 (or successors thereto).

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing damage to such Unit, (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 to be installed on or made to such Unit pursuant to the provisions of § 10 hereof (other than proprietary and communication equipment not required in order to make the Units commercially usable by a person other than LMX, the Lessee, GECC, Supplier's Contractor or Consumer at the termination of this Lease), 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 Indenture, this Lease and the EPPA) shall immediately be vested in the Lessor. Any parts, components or other materials removed from the Units in the performance of maintenance or repair that are replaced with another such part, component or other material of at least equal value, utility and remaining useful life shall become the property of the Lessee and title thereto shall vest in the Lessee at the time of such replacement.

(3) The Lessor may by irrevocable written notice delivered to the Lessee and Consumer or any other permitted user of the Units then using the Units, not less than 180 days prior to the end of the Lease Term, elect to purchase any additions, modifications and improvements made by the Lessee, Consumer or such user pursuant to the first sentence of § 11.2(1) hereof (other than proprietary and communications equipment not required to make the Units commercially usable by a person other than LMX, the Lessee, GECC, Supplier's Contractor or Consumer) at the then Fair Market Value thereof (determined as described in § 16.3 hereof) payable in cash on the last day of such term. Should the Lessor elect to purchase such additions, modifications and improvements, the Lessee, Consumer or such user, as the case may be, shall upon the request of the Lessor deliver to the Lessor a bill of sale therefor that will

transfer to the Lessor all right, title and interest of the Lessee, Consumer or such user, as the case may be, in and to such additions, modifications and improvements on an "as-is, where-is" basis, without recourse or warranty except as to absence of Liens other than Permitted Liens.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold each Indemnified Person harmless from and against any and all liabilities, obligations, damages, penalties, claims (including without limitation claims involving liability in tort, strict or otherwise), actions, suits, judgments, costs, expenses and disbursements (including without limitation reasonable legal fees and expenses) of any kind and nature whatsoever without any limitation as to amount ("Claims") which may be imposed on, incurred or suffered by or asserted against any Indemnified Person in any way relating to or arising out of (i) the Operative Documents or any of the transactions contemplated thereby, (ii) the Units or any portion thereof, (iii) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, financing, acquisition, transportation, sublease, storage, maintenance, modification, repair, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof or interest therein, (iv) any latent and other defects whether or not discoverable by the Lessor, the Owner, the Indenture Trustee or the Lessee, (v) any claim for patent, trademark or copyright infringement, relating to the Units or any portion thereof, (vi) any claims based on strict liability in tort relating to the Units or any portion thereof, (vii) any injury to or the death of any person (except as provided in §§ 14 and 17 hereof) or any damage to or loss of property or damage to the environment caused by the Units or growing out of or concerned with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Lessor, the Lessee or any other person) or resulting from the condition of any thereof, or (viii) any violation of any provision of this Lease (except by the Lessor) 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; provided, however, that the Lessee shall not be required to indemnify

any Indemnified Person under this § 12.1 for (1) any Claim in respect of the Units arising from acts or events which occur after such Units have been returned and delivered to the Lessor in accordance with § 17 hereof, (2) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of such Indemnified Person, (3) any Transaction Expense to be paid by Owner pursuant to the Participation Agreement or any other expense or amount expressly provided under any of the Operative Documents to be borne or paid by any Indemnified Person without indemnification by the Lessee, (4) any Claim resulting from a transfer by such Indemnified Person of all or part of its interest in this Lease or the Units, other than to Lessee or in connection with an Event of Default or a Casualty Occurrence, (5) any Claim resulting from breach by any Indemnified Person of any of its representations, warranties or covenants in any of the Operative Documents in any material respect, (6) any Claims in respect of taxes (whether or not indemnified under § 6 hereof or the Indemnity Agreement), (7) any Claim arising from the violation by such Indemnified Person of any banking, investment, insurance or securities law, rule or regulation applicable to it (unless such violation shall result from any misrepresentation or act of the Lessee), (8) any Claim arising from the Lessor's or the Owner's failure to discharge Lessor's Liens arising by, through or under the Lessor or the Owner, respectively, if such party is the Indemnified Person in question, (9) any Claim resulting from an Indenture Event of Default which was not caused by an Event of Default or (10) any Claim in respect of the Units arising from acts or events which occur after such Units have been returned and delivered to the Lessor in accordance with § 14 hereof and the Lessor shall have completed exercising its rights and remedies hereunder (all of which matters hereinabove set forth in this paragraph as to which indemnification is given are hereinafter called "Indemnified Matters"). The Lessee shall be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same Indemnified Matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 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 resist and defend such action, suit or proceeding, or cause

the same to be resisted or defended by counsel selected by the Lessee and, in the event but only in the event of any failure by the Lessee to do so, the Lessee shall pay all reasonable costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with resisting and defending such action, suit or proceeding; provided, however, that the Lessee, at its option and expense, may at any time settle any such action, suit or proceeding. An Indemnified Person shall not settle or compromise any such action, suit or proceeding without the prior written consent of the Lessee and, notwithstanding its indemnification obligations under this § 12, the Lessee shall not be responsible for any Indemnified Matter which is settled or compromised without the Lessee's prior written consent. In the event the Lessee is required to make payment under this § 12, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes (which are not indemnified against under § 6 hereof or under the Indemnity Agreement) required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of any taxing jurisdiction, domestic or foreign, (after giving credit for any savings in respect of any such taxes (which are not indemnified against under § 6 hereof or under the Indemnity Agreement) by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12 by the Lessee, and provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of the Indemnified Matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee or any affiliate of such Indemnified Person or, in the case of the Lessor, the Owner) as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made to such Indemnified Party. Nothing in this § 12.1 shall constitute a guarantee by the Lessee of the Secured Notes or a

guarantee of the residual value of any Unit. Nothing contained in this § 12.1 shall be construed as a waiver of or to prejudice in any way any right of action the Lessee may have in respect of any such act, omission or misrepresentation of an Indemnified Person or anyone acting under, through or on behalf of such Indemnified Person.

12.2. 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 by, each Indemnified Person. 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.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the Lease Term, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any amount provided for in § 3, 7 or 16 hereof, and such default shall continue for 10 days after written notice thereof from the Lessor or the Indenture Trustee to the Lessee specifying the default and demanding that the same be remedied; or default shall be made in payment of any amount provided for in § 6 or 12 hereof or in the Indemnity Agreement, and such default shall continue for 30 days after written notice thereof from the Lessor or the Indenture Trustee to the Lessee specifying the default and demanding that the same be remedied;

(B) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any other Lessee Document and such default shall continue for 60 days after written notice from the Lessor or the Indenture Trustee to the Lessee

specifying the default and demanding that the same be remedied;

(C) any material representation or warranty made by the Lessee herein or in Paragraph 14(c) of the Participation Agreement or by LMX, GECC or Supplier's Contractor in any LMX Document, GECC Document or Supplier's Contractor Document respectively or in any certificate furnished to the Indenture Trustee, the Lessor or the Owner by the Lessee, LMX, GECC or Supplier's Contractor pursuant to or in connection with any such agreements, proves untrue in any material respect as of the date of issuance or making thereof (other than any representation or warranty made by the Lessee or GECC or Supplier's Contractor in the Indemnity Agreement or the Indemnity Support Agreement, respectively, or for which the Lessee has agreed to indemnify the Owner under the Indemnity Agreement or for which GECC or Supplier's Contractor has agreed to support the Lessee pursuant to the Indemnity Support Agreement); provided, however, that, if such representation or warranty can be made true in all material respects or all material adverse consequences thereof can be cured, such event shall not be an Event of Default unless such representation or warranty shall continue to be untrue in any material respect, and any material adverse consequence thereof shall not be cured, within 30 days after receipt of written notice thereof by the Lessee;

(D) 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 (in its capacity as LMX Trustee) or the Trust established by the LMX Trust Agreement 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 EPPA, the Maintenance Agreement and the other Lessee Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such

trustee or trustees, within 60 days after such petition shall have been filed;

(E) any other proceeding shall be commenced by or against the Lessee (in its capacity as LMX Trustee) or the Trust established by the LMX Trust Agreement for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or under the EPPA, the Maintenance Agreement or the other Lessee Documents 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 proceeding 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 EPPA, the Maintenance Agreement and the other Lessee Documents shall not have been and shall not continue to have been duly assumed in writing, 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 for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

(F) subject to § 13.3 hereof, any Consumer Event of Default (as defined in the Consumer Documents) shall have occurred and be continuing under the Consumer Documents;

(G) subject to § 13.3 hereof, Supplier's Contractor shall default in the performance of any of the covenants, conditions and agreements on the part of Supplier's Contractor under the Maintenance Agreement and such default shall continue for 10 days (in the case of payment defaults) or 60 days (in the case of all other defaults) after written notice thereof from the Lessee, the Lessor or the Indenture Trustee to Supplier's Contractor specifying the default and

demanding that the same be remedied (a "Supplier's Contractor Default");

(H) 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 Supplier's Contractor 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 Supplier's Contractor under the Supplier's Contractor Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed;

(I) any other proceeding shall be commenced by or against Supplier's Contractor for any relief which includes, or might result in, any modification of the obligations of Supplier's Contractor under the Supplier's Contractor Documents 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 proceeding 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 Supplier's Contractor under the Supplier's Contractor Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Supplier's Contractor or for the property of Supplier's Contractor in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

(J) 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 GECC 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 GECC under the GECC Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed;

(K) any other proceeding shall be commenced by or against GECC for any relief which includes, or might result in, any modification of the obligations of GECC under the GECC Documents 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 proceeding 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 GECC under the GECC Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for GECC or for the property of GECC in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

(L) 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 LMX 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 LMX under the LMX Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed;

(M) any other proceeding shall be commenced by or against LMX for any relief which includes, or might result in, any modification of the obligations of LMX under the LMX Documents 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 proceeding 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 LMX under the LMX Documents shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for LMX or for the property of LMX in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced; or

(N) subject to § 13.3 hereof, any of the EPPA, the Maintenance Agreement, the Operative Agreement or the Consumer Agreement shall for any reason cease to be, or shall be asserted in writing by any party thereto delivered to the other parties thereto no longer to be, in full force and effect (unless terminated in accordance with its terms);

then, (i) if any Event of Default described in clauses (D), (E), (H), (I), (J), (K) (L) or (M) above shall exist (in which event this Lease shall be deemed to be declared in

default) or (ii) if any other Event of Default shall exist and the Lessor, at its option, subject to § 13.3, declares this Lease to be in default by written notice to such effect given to the Lessee, then thereafter the Lessor may, to the extent permitted by applicable law, exercise one or more of the following remedies, as the Lessor in its sole discretion shall elect:

(a) the Lessor, by notice to the Lessee, may rescind or terminate this Lease;

(b) the Lessor may demand that the Lessee, and, upon the written demand of the Lessor, Lessee shall, surrender the Units promptly to the Lessor in the manner and condition required by, and otherwise in accordance with the provisions of, § 14 of this Lease and the Lessor shall not be liable for the reimbursement of the Lessee for any costs and expenses incurred by the Lessee in connection therewith;

(c) the Lessor may sell all or any of the Units, in a commercially reasonable manner, at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee in the Units and without any duty to account to the Lessee with respect to such action or inaction or any proceeds with respect thereto (except to the extent required by paragraph (e) or (f) below if Lessor shall elect to exercise its rights thereunder), in which event the Lessee's obligation to pay Basic Rent with respect to the Units sold for periods commencing after the date of such sale shall be terminated (except to the extent that Basic Rent is to be included in computations under paragraph (e) or (f) below if the Lessor shall elect to exercise its right thereunder); provided, however, that the Lessor shall be precluded from electing to exercise rights under paragraph (f) below unless (i) the Lessee was given at least 10 business days' notice of such sale and (ii) the Units were sold in a commercially reasonable manner;

(d) the Lessor may hold or lease to others all or any of the Units free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect to such action or inaction, except that Lessee's obligation to pay Basic Rent for

periods commencing after the Lessee shall have been deprived of use of any Units pursuant to this paragraph (d) shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Units to any person other than the Lessee for the same periods or any portion thereof;

(e) whether or not the Lessor shall have exercised or thereafter at any time shall exercise its rights under paragraph (a), (b), (c) or (d) above (and so long as it has not exercised its rights under paragraph (c) above), the Lessor may demand, by written notice to the Lessee specifying a payment date which shall be a payment date for Basic Rent (a "Basic Rent Payment Date") not earlier than 10 days after the date of such notice, that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the Basic Rent Payment Date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due after the Basic Rent Payment Date specified in such notice), any unpaid Basic Rent and Supplemental Rent due and attributable to the use of the Units by Lessee through and including the Basic Rent Payment Date specified in such notice plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the rate specified in § 19 from the Basic Rent Payment Date specified in such notice to the date of actual payment):

(i) an amount equal to the excess, if any, of Termination Value (as defined in § 13.7 hereof), computed as of the Basic Rent Payment Date specified in such notice, over the Fair Market Rental (as determined pursuant to § 16.2 hereof) of the Units during the remaining Lease Term, after discounting such Fair Market Rental quarterly to present value as of the Basic Rent Payment Date specified in such notice at 9.634%;

(ii) an amount equal to the excess, if any, of such Termination Value over the Fair Market Value (as determined pursuant to § 16.3 hereof) of the Units as of the Basic Rent Payment Date specified in such notice;

(iii) an amount equal to the excess of (A) the present value as of the Basic Rent Payment Date specified in such notice of all installments of Basic Rent until the end of the Basic Lease Term, discounted quarterly at 9.634% over (B) the present value as of such Basic Rent Payment Date of the Fair Market Rental of the Units until the end of the Basic Lease Term, discounted quarterly at 9.634%; or

(iv) an amount equal to the highest of (A) such Termination Value, (B) such discounted Fair Market Rental and (C) such Fair Market Value, and, in this event, upon full payment by the Lessee of all sums due hereunder, the Lessor shall exercise its best efforts promptly to sell the Units (in a commercially reasonable manner as provided above) and pay over to the Lessee the net proceeds thereof up to the amount set forth in (A), (B) or (C) above actually paid by the Lessee to the Lessor;

(f) if the Lessor shall have sold all of the Units, as a whole or by a series of sales pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to the Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and Lessee shall pay to the Lessor on a date not earlier than 10 days after the date of such notice and in any event not earlier than the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of Basic Rent due for periods commencing after the next Basic Rent Payment Date following the date of such sale), any unpaid Basic Rent and Supplemental Rent due and attributable to the use of the Units by Lessee through such Basic Rent Payment Date plus the amount of any deficiency between the Termination Value, computed as of such Basic Rent Payment Date, and the net proceeds of such sale, together with interest at the rate provided in § 19 hereof on the amount of such Basic Rent and Supplemental Rent and such deficiency from the date specified in such notice until the date of actual payment; or

(g) the Lessor may exercise any other right or remedy that may be available to it under applicable law

or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

Notwithstanding the foregoing, so long as no Consumer Event of Default or Event of Default under § 13.1(H) or (I) hereof shall have occurred and be continuing, Consumer shall be entitled to have the Units made available to it under the EPPA and to receive the electrical power generated by the Units. Notwithstanding any provision hereof to the contrary, if the Lessee shall be required to return or surrender possession of the Units in accordance with paragraphs (b) or (d) above and the Units shall have been returned or surrendered in compliance with such requirement but the Lessor shall not within one year after the date of such return or surrender exercise its rights under paragraph (c), (e) or (f) above with respect to the Units, then either the Lessor shall restore to the Lessee the possession of the Units or there shall be deducted from each payment of Basic Rent becoming due after the expiration of such one-year period in respect of the Units an amount equal to the quotient obtained by dividing the aggregate Fair Market Rental of the Units for the remainder of the Basic Term or the then current renewal term, as the case may be, after the expiration of such one-year period (computed as of the date of such expiration), by the number of Basic Rent installments remaining after the expiration of such one-year period to the end of the Basic Term or to the current renewal term, as the case may be.

13.2 No Release. No rescission or termination of this Lease, in whole or in part, or repossession of the Units or exercise of any remedy under § 13.1 hereof shall, except as specifically provided therein, relieve the Lessee of any of its liabilities and obligations hereunder. In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid Basic Rent and Supplemental Rent due hereunder before, after or during the exercise of any of the foregoing remedies, including all reasonable legal fees and other costs and expenses incurred by the Lessor, the Owner or the Indenture Trustee by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto and including all costs and expenses incurred in connection with the return of the Units in the manner and condition required by, and otherwise in accordance with the provisions of, § 14 hereof. At any sale of the Units or any part thereof pursuant to

§ 13.1 hereof, the Lessor, the Owner or the Indenture Trustee may bid for and purchase such property.

13.3. Certain Cure Rights. Notwithstanding anything to the contrary contained herein, (i) if there shall occur any Consumer Event of Default or default under § 13.1(N) hereof and Supplier's Contractor or GECC shall have unconditionally guaranteed the obligations of the Lessee hereunder and under the Indemnity Agreement pursuant to a guaranty agreement, in form and substance reasonably satisfactory to the Lessor and the Indenture Trustee and has otherwise remedied any Event of Default to date, within 5 days after receipt by the Lessee of written notice thereof, or (ii) if there shall occur a Consumer Event of Default or a Supplier's Contractor Default in each case arising from the failure to make a payment when due and the Lessee shall have paid all rents or Casualty Values then due under the Lease, within 5 days after receipt by the Lessee of written notice thereof, then in any such case the Lessor shall, unless, in the case of clause (ii) above, more than eight such Consumer Events of Default or Supplier's Contractor Defaults, as the case may be, or more than four consecutive such Consumer Events of Default or Supplier's Contractor Defaults, as the case may be, shall have occurred, waive the corresponding Event of Default hereunder and its consequences, and Supplier's Contractor, GECC and the Lessee, as the case may be, shall have immediate unsubordinated rights of subrogation, provided no other Event of Default shall have occurred and be continuing.

13.4. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset and/or recoupment 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.

13.5. Failure To Exercise Rights Is Not Waiver. The failure of the Lessor to exercise the rights granted it

hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

13.6. Notice of Event of Default. The Lessee also agrees to furnish the Lessor, the Owner, Consumer, Supplier's Contractor and the Indenture Trustee, promptly upon any officer of the Lessee 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, written notice specifying such condition and the nature and status thereof.

13.7. Amount of Termination Value. The Termination Value of each Unit as of any Interim Rent Payment Date or Basic Rent Payment Date shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Appendix C hereto opposite such Interim Rent Payment Date or Basic Rent Payment Date, as the case may be.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. Subject to the right of Consumer to have the Units made available under the EPPA and to receive the electrical power generated by the Units (except if there shall exist an Event of Default under § 13.1(H) or (I) hereof, in which case the EPPA may be terminated whether or not a Consumer Event of Default has occurred thereunder), if this Lease shall terminate pursuant to § 13 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in good repair, working order and operating condition, ordinary wear and tear excepted, shall meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction and shall have attached or affixed thereto any parts, additions and replacements considered an accession thereto as provided in § 11 hereof. 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 Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks of the Consumer (or any other permitted user of the Units) or any of its affiliates in the continental United States as shall be mutually agreed upon;

(b) permit the Lessor to store such Units on such tracks for a period not exceeding 90 days 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 Lessor; and

(c) upon not less than 30 days' prior written notice, transport the same to any place on the lines of railroad operated by Consumer (or such user) or any of its affiliates or to any connecting carrier for shipment, all as reasonably directed by the Lessor, provided that the Lessee shall not be obligated to move each Unit more than once at the request of the Lessor.

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 jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store, insure and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same; provided that such persons shall execute Consumer's (or such user's) standard release form (dealing with waiver of liabilities other than under the Operative Documents) as a precondition to entering upon Consumer's (or such user's) property; and provided further

that the Lessee shall not be liable, except in the case of the willful misconduct or gross negligence of the Lessee or its employees, for any injury to or the death of, any person, exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

14.2. Lessor Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment. This Lease shall be assignable in whole or in part by the Lessor to any successor Lessor which may be appointed pursuant to Section 10 of the Trust Agreement or to any corporation (including the Owner or any affiliate or the Owner) which has a combined capital and surplus of at least \$75,000,000, provided that the transferee would qualify as a transferee under the provisions of Paragraph 16(a) of the Participation Agreement. The Lessor shall give the Lessee 10 days prior written notice of any assignment, other than to the Owner (or any affiliate of the Owner) or pursuant to the Trust Agreement. Except as otherwise provided herein or in the Participation Agreement, the Lessee will not, without prior written consent of the Lessor, assign any of its rights hereunder. Subject to the foregoing, the terms and provisions of this Lease shall be binding upon and inure to the benefit of the Lessor and the Lessee and their respective successors and permitted assigns.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease 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. Without the prior

written consent of the Lessor and the Indenture Trustee, the Lessee shall not assign or transfer its leasehold interest under this Lease in any of the Units or sublease any of the Units, except as provided in paragraph (2) of this § 15.2; and the Lessee shall not, without the prior written consent of the Lessor and the Indenture Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of paragraph (2) of this § 15.2. 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 (other than a Permitted Lien) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Indenture Trustee or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises; but the Lessee shall not be required to pay or discharge such Lien so long as the Lessee is diligently contesting the existence, amount, applicability, extent or validity thereof in good faith by appropriate proceedings which shall not, in the reasonable opinion of the Lessor, present a substantial risk to the title, interest or rights of the Lessor (including rights of possession) or the Indenture Trustee in and to the Units.

(2) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units and, without the prior written consent of the Lessor and the Indenture Trustee, (i) the Lessee may make available the Units to, and permit their use by, Consumer (or any affiliate thereof as contemplated by the EPPA) under the EPPA, upon lines of railroad owned or operated by Consumer or any such affiliate or upon lines of railroad over which Consumer or any such affiliate has trackage or other operating rights or over which railroad equipment of Consumer or any such affiliate is regularly operated pursuant to contract, (ii) the Lessee 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 agreements as provided in the EPPA and (iii) the Lessee shall be entitled to assign its rights to the Units or to sublease or otherwise provide the possession and use of the Units to any permitted sublessee or user in compliance with the provisions of § 16.1 hereof. In addition to the foregoing, the Lessee and Consumer, without the prior written consent of the Lessor and the Indenture Trustee, shall be entitled to make the Units available to Supplier's

shall deliver to the Lessee a bill of sale therefor in substantially the form of the bill of sale described in § 16.5 hereof.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM

Not later than 30 days after the expiration of the Lease Term with respect to any Unit the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of Consumer (or any other permitted user of the Units) in the continental United States as is mutually agreed upon and permit the Lessor, at the Lessee's cost and expense, to store such Unit on such storage tracks for a period not exceeding 90 days following the expiration of this Agreement and, upon not less than 30 days' prior written notice, transport the same, at the Lessee's cost and expense, at any time within such 90-day period, to any reasonable place on the lines of railroad operated by Consumer (or such user) or any of its affiliates, or to any connecting carrier for shipment, all as reasonably designated by the Lessor, provided that the Lessee shall not be obligated to move each Unit more than once at the request of the Lessor. During any such storage period, the Lessee will permit the the Lessor or any person designated by it, including the representative or representatives of any prospective purchaser or user of such Unit, to inspect the same, provided that such persons shall execute Consumer's (or such user's) standard release form as a precondition to entering upon Consumer's (or such user's) property and provided further that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or its employees, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 17 shall (i) be in the same good repair, working order and operating condition as when delivered hereunder, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads (if applicable) and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any parts, additions and replacements considered an accession thereto as provided in § 11 hereof. During any such storage period the Lessee shall maintain the

Units to the standard required by § 11.1 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. In the event any Unit is not assembled, delivered and stored as hereinabove provided as a result of any action or inaction on the part of the Lessee, within 30 days after such termination, the Lessee shall pay to the Lessor, at the option of the Lessor, for each day after such 30th day, as liquidated damages, and not as a penalty, for the failure of the Lessee to return the Unit to the Lessor at the expiration or termination of this Lease as required by the provisions of this § 17, an amount equal to the then daily equivalent of the rental factor for such Unit as in effect at the time of such termination or expiration, for each such day. The provision for such payment shall not be in abrogation of the Lessor's right under this § 17 to have each Unit returned to it within 30 days after expiration of the Lease Term with respect to such Unit.

§ 18. RECORDING

The Lessee will, at its expense, cause this Lease, the Indenture, the Bailment Agreement, the EPPA Assignment, each Lease Supplement and each Indenture Supplement 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 Railway Act of Canada. The Lessee will, at its expense, undertake the filing, registering, deposit and recording required of the Lessor under the Indenture. The Lessee in addition will, at its expense, from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all continuation statements and further instruments required by law or reasonably requested by the Lessor or the Indenture Trustee for the purpose of proper protection, to their satisfaction, of the Indenture Trustee's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease and the Indenture; and the Lessee will promptly furnish to the Indenture

Trustee and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Indenture Trustee and the Lessor.

§ 19. INTEREST ON OVERDUE OBLIGATIONS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, interest at a rate per annum (the "Overdue Rate") equal to the greater of (i) 11.634% and (ii) the interest rate publicly announced from time to time and then in effect by Citibank, N.A., at its principal office in New York as its base rate (with any change in such rate becoming effective as of the date of such announcement), on the overdue rentals and other obligations for the period of time during which they are overdue.

§ 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may (but shall not be obligated to do so) upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate per annum specified in § 19 hereof, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

§ 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have

been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at 35 North Sixth Street, Reading, Pennsylvania 19601, Attention of Corporate Trust Department, with a copy to the Owner at 95N Route 17 South, Paramus, New Jersey 07653, Attention of Senior Vice President; and

(b) if to the Lessee, at 777 Main Street, Hartford, Connecticut 06115, Attention Corporate Trust Administration, with a copy to LMX, at c/o T&I Funding Corporation, 1600 Summer Street, 6th Floor, Stamford, Connecticut 06904-8300, Attention: President;

or addressed to any party (or other person designated by such party) at such other address as such party shall hereafter furnish to the other party in writing.

§ 22. SEVERABILITY

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

§ 23. EFFECT AND MODIFICATION OF LEASE

The Participation Agreement and the agreements specifically contemplated thereby, including this Lease, exclusively and completely state the rights of the Lessor 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 signatories for the Lessor and the Lessee.

§ 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner and the permitted successors and assigns, including the Indenture Trustee, of a party and the Indemnified Persons and, to the extent provided in § 13 hereof, Supplier's Contractor and GECC) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Indenture Trustee pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and Section 86 of the Railway Act of Canada.

§ 27. NO RECOURSE; NO PERSONAL LIABILITY OF THE LESSOR; SATISFACTION OF UNDERTAKINGS

27.1. No Recourse Against Certain Persons. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or of the Owner or LMX whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or

otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease. The foregoing provisions of this § 27.1 shall not be construed to limit in any way any liability that Supplier's Contractor or GECC may have pursuant to their separate agreements under the Operative Documents to which they are or will be a party.

27.2. No Personal Liability of the Lessor or the Lessee. Anything herein to the contrary notwithstanding, each and all of the representations, warranties and agreements herein made on the part of the financial institutions acting as Lessor and Lessee are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institutions in their individual capacities or for the purpose or with the intention of binding said financial institutions 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 the Trust as such term is used in the LMX Trust Agreement, and this Lease is executed and delivered by the Lessor and the Lessee solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement and the LMX Trust Agreement, respectively; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said financial institutions or the Owner or LMX on account of any representation, warranty or agreement hereunder of the Lessor or the Lessee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and the Lessor, respectively and by all persons claiming by, through or under the Lessee or the Lessor.

27.3. Satisfaction of Undertakings. The obligations of the Lessee under §§ 3, 5, 6, 7.1, 7.2, 7.3, 7.7, 8, 10, 11.1, 12, 14, 15.2, 16.6, 17, 18, 19 and 31 hereof shall be deemed satisfied in full in all respects by Supplier's Contractor's and Consumer's execution and delivery of the Maintenance Agreement, and the EPPA, the Operative Agreement and the Consumer Agreement, respectively, and the performance of their respective obligations thereunder. The Lessee shall not have any responsibility for Supplier's Contractor's or Consumer's failure to perform such obligations; but if the same shall not be performed, and if the Lessee does not otherwise perform, or cause to be performed,

under this Lease, such nonperformance shall constitute the basis for a default hereunder.

§ 28. AGREEMENTS FOR BENEFIT OF OWNER
AND OWNER'S AND LESSOR'S ASSIGNS

All rights of the Lessor hereunder shall inure to the benefit of the Owner and any of the Owner's assigns under the Trust Agreement and the Lessor's assigns including the Indenture Trustee.

§ 29. TERM LESSOR

Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor.

§ 30. OWNER FOR ALL PURPOSES

It is hereby agreed as between the Lessor and the Lessee that for all purposes the Lessor will be the owner of the Units and the Lessee will be the lessee thereof.

§ 31. FURTHER ASSURANCES

The Lessee will, at its expense, promptly and duly execute and deliver to the Lessor and to such other persons as the Lessor shall reasonably designate such documents and assurances and take such action as the Lessor may from time to time reasonably request in order to carry out more effectively the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor hereunder, including, without limitation, if requested by the Lessor, at the expense of the Lessee, the execution and delivery of supplements or amendments hereto, in recordable form, subjecting to this Lease any replacement Units and the recording or filing of counterparts hereof or thereof, or of financing and continuation statements with respect thereto, in accordance with the laws of such jurisdictions as the Lessor may from time to time deem advisable; provided, however, that this sentence is not intended to impose upon the Lessor any

additional liabilities not otherwise contemplated by this Lease.

§ 32. INDENTURE AS SECURITY FOR SECURED NOTES

In order to secure the indebtedness evidenced by the Secured Notes, the Indenture provides, among other things, for the assignment by the Lessor to the Indenture Trustee of certain of the rights of the Lessor in this Lease, and the Lessor's interest in and to the Units and for the creation of a security interest in the Trust established under the Trust Agreement in favor of the Indenture Trustee for the benefit of the holders from time to time of the Secured Notes. The Lessee hereby acknowledges notice of and consents to the assignment of the Lessor's right, title and interest in, to and under this Lease and in and to the Units to the Indenture Trustee to the extent provided in the Indenture, and agrees that, until it shall receive notice from the Indenture Trustee stating that the security interest in said Trust under the Indenture has been released, (i) the Lessee will make all payments of Interim Rent, Basic Rent and Supplemental Rent (other than Excepted Rights in Collateral) payable to the Lessor hereunder to the Indenture Trustee on or prior to the due date for the payment to be made, and the Lessee hereby consents to the application and distribution of payments as provided in the Indenture; (ii) the Indenture Trustee may enforce any and all of the terms of this Lease as though the Indenture Trustee had been expressly made a party hereto; provided that neither the Lessor nor the Indenture Trustee or any other person deriving rights hereunder or in or to any Unit from the Lessor will in the absence of an Event of Default take any action hereunder contrary to the Lessee's rights under this Lease, including without limitation the right to quiet enjoyment and peaceful and undisturbed use and possession of each Unit, except in accordance with the provisions of this Lease; (iii) no action taken, suffered or omitted by the Lessor shall adversely affect or limit any rights, powers, privileges, remedies or immunities of the Indenture Trustee or any holder of a Secured Note, and the Lessee will not assert against the Indenture Trustee or any such holder any claim or defense that it may now or hereafter have against the Lessor; (iv) such assignment will not release the Lessor from any of the Lessor's obligations under this Lease, and will not constitute an assumption of any such obligations on the part of the Indenture Trustee (other than the obligation

to apply such amounts as provided in the Indenture); and (v) all notices, offers, demands, consents, requests, waivers, approvals, statements, instruments, papers, communications or other documents given by the Lessee under this Lease will also be given to the Indenture Trustee, and no such notice, offer, demand, consent, request, waiver, approval, statement, instrument, paper, communication or other document shall be of any effect unless and until so given. Notwithstanding the exercise by the Indenture Trustee of any rights or remedies under or in respect of the Indenture, the Lessee shall not be relieved of the obligation to perform all the terms and provisions to be performed by the Lessee under this Lease, and this Lease shall not terminate or be otherwise affected by reason of any such exercise of any such rights and remedies, except as expressly provided herein or in the Indenture.

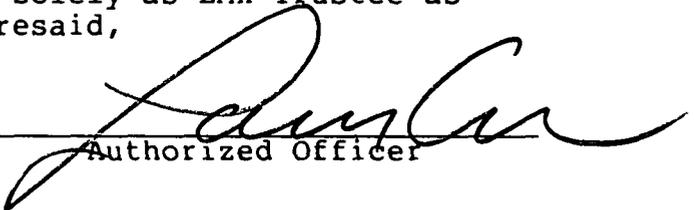
§ 33. DEFINITIONS

Unless the context shall otherwise require, terms used herein which are not defined herein shall have the meanings assigned thereto as set forth in Schedule I hereto for all purposes hereof.

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

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as LMX Trustee as
aforesaid,

by



Authorized Officer

MERIDIAN TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee
under a Trust Agreement dated as
of the date hereof,

by



Authorized Officer

* Receipt of the original counterpart of the foregoing Lease is hereby acknowledged on this _____ day of December 1987.

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

by

Title:

* This receipt executed in a single original counterpart.

Lessee's
Road Numbers

Delivery Date

2. The delivery date under the Lease of each unit of Equipment is the date set forth opposite its road number in Section 1 hereof.

3. All the provisions of the Lease are hereby incorporated by reference in this Lease Supplement, on and as of the date of this Lease Supplement, to the same extent as if fully set forth herein.

4. This Lease Supplement shall be governed by the laws of the State of New York; provided, however, that the parties hereto shall be entitled to all rights conferred by 49 U.S.C. § 11303 and Section 86 of the Railway Act of Canada.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed and delivered as of the date first above written.

MERIDIAN TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee
under the Trust Agreement,

by

Authorized Officer

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as LMX Trustee under
the LMX 1987 Trust Agreement,

by

Authorized Officer

* Receipt of the original counterpart of the foregoing Lease Supplement is hereby acknowledged on this day of

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

by

Title:

* This receipt executed in a single original counterpart.

conferred by 49 U.S.C. § 11303 and Section 86 of the
Railway Act of Canada.

IN WITNESS WHEREOF, Lessor and Lessee have caused
this Lease Supplement to be duly executed and delivered as
of the date first above written.

MERIDIAN TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee
under the Trust Agreement,

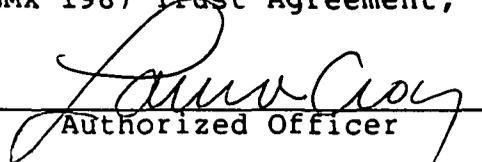
by



Authorized Officer

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as LMX Trustee under
the LMX 1987 Trust Agreement,

by



Authorized Officer

* Receipt of the original counterpart of the foregoing Lease
Supplement is hereby acknowledged on this _____ day of _____

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

by

Title:

* This receipt executed in a single original counterpart.

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

On this 29th day of December 1987, before me personally appeared Laura Crowley, to me personally known, who, being by me duly sworn, says that she is an Authorized Officer of THE CONNECTICUT NATIONAL BANK, that said instrument was signed on behalf of said association by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said association.



 Notary Public

[Notarial Seal]

My Commission expires

JOHN MacNICHOL
 Notary Public, State of New York
 No. 44-2459900
 Qualified in Rockland County
 Certificate filed in New York County
 Commission Expires June 3, 1989

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

On this 29th day of December 1987, before me personally appeared Richard H. Babb to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of MERIDIAN TRUST COMPANY, and that said instrument was signed on behalf of said company 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 company.



 Notary Public

[Notarial Seal]

My Commission expires

JOHN MacNICHOL
 Notary Public, State of New York
 No. 44-2459900
 Qualified in Rockland County
 Certificate filed in New York County
 Commission Expires June 3, 1989

SCHEDULE I

DEFINITIONS

The following terms shall have the following meanings for all purposes (except if any term defined herein is defined with a different meaning in any Operative Document, such different definition shall control with respect to the meaning of such term in such Operative Document) and such meanings are equally applicable both to the singular and plural forms of the terms defined. Any agreement defined or referred to below shall include each amendment, modification and supplement thereto and waiver thereof as may become effective from time to time and as is made in compliance with the terms and conditions of the Operative Documents. Any term defined below by reference to any agreement shall have such meaning whether or not such agreement is in effect. The terms "hereof", "herein", "hereunder" and comparable terms refer to the entire agreement with respect to which such terms are used and not to any particular article, section or other subdivision thereof.

"After Tax Basis" shall mean, with respect to any payment received or accrued by any person, the amount necessary to hold such person harmless from all Taxes required to be paid by such person with respect to the receipt or accrual of such payment under the laws of any Federal, state or local government or taxing authority in or of the United States, or under the laws of any taxing authority or governmental subdivision in or of a foreign country (after giving effect to all deductions available to such person with respect to such taxes to the extent not previously taken into account in computing the amount payable to such person).

"Bailment Agreement" shall mean the Bailment Agreement dated as of December 22, 1987, between the Lessee and Consumer.

"Basic Lease Rates" shall have the meaning assigned to such term in § 3.1(1) of the Lease.

"Basic Lease Term" shall have the meaning assigned to such term in § 4.1 of the Lease.

"Basic Rent" shall have the meaning assigned to such term in § 3.1(1) of the Lease.

"Basic Rent Payment Date" shall have the meaning assigned to such term in § 13.1(e) of the Lease.

"Bill of Sale" shall mean any Bill of Sale substantially in the form of Exhibit M to the Participation Agreement.

"Builder" shall mean General Electric Company, in such capacity under the Purchase Agreement.

"business day" shall be any day other than a Saturday, Sunday or other day on which banks in New York, New York, Seattle, Washington, St. Paul, Minnesota, Pittsburgh, Pennsylvania, Reading, Pennsylvania, or Hartford, Connecticut, are authorized or obligated to remain closed.

"Casualty Occurrence" shall have the meaning assigned to such term in § 7.1(1) of the Lease.

"Casualty Payment Date" shall have the meaning assigned to such term in § 7.1(3) of the Lease.

"Casualty Values" shall have the meaning assigned to such term in § 7.5 of the Lease.

"Certificate of Acceptance" shall mean, in respect of each Unit, a certificate of acceptance delivered in accordance with the provisions of Article 3 of the Purchase Agreement stating that such Unit has been accepted by the Lessee (acting as agent for the Lessor) on the date of such certificate and is marked in accordance with § 5.1 of the Lease.

"Certificate of Availability" shall mean, in respect of each Unit, a Certificate of Availability under Electrical Power Purchase Agreement, in substantially the form of Exhibit A to the Operative Agreement.

"Change in Tax Law" shall have the meaning assigned to such term in § 3.1(6) of the Lease.

"Closing Dates" shall have the meaning assigned to such term in paragraph 4.2 of the Purchase Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any comparable successor statute.

"Collateral" shall have the meaning assigned to such term in Section 1 of the Indenture.

"Computation Period" shall have the meaning assigned to such term in Section 2.9 of the Indenture.

"Consumer" shall mean Burlington Northern Railroad Company, a Delaware corporation.

"Consumer Agreement" shall mean the Consumer Agreement dated as of December 22, 1987, between the Lessee and Consumer.

"Consumer Documents" shall have the meaning assigned to such term in Section 3(b) of the Consumer Agreement.

"Consumer Event of Default" shall have the meaning assigned to such term in the Consumer Documents.

"Default" shall mean an event which with giving of notice or lapse of time or both would become an Event of Default under the Lease.

"Discount Rate" shall have the meaning assigned to such term in Section 2.9 of the Indenture.

"EPPA" shall mean the Electrical Power Purchase Agreement dated as of December 22, 1987, between the Lessee and Consumer.

"EPPA Assignment" shall mean the Assignment of Electrical Power Purchase Agreement dated as of December 22, 1987, between the Lessor and the Lessee.

"EPPA Consent" shall mean the Consent and Agreement dated as of December 22, 1987, entered into by Consumer.

"Equipment" shall mean the railroad equipment described in Annex B to the Purchase Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974.

"Event of Default" shall have the meaning assigned to such term in § 13.1 of the Lease.

"Excepted Rights in Collateral" shall have the meaning assigned to such term in Section 1.4 of the Indenture.

"Excluded Payments" when used in the context of the EPPA Assignment or the Maintenance Agreement Assignment shall have the meaning assigned to such term in Section 1 thereof, respectively.

"Fair Market Rental" shall have the meaning assigned to such term in, and shall be determined in accordance with the procedures set forth in, § 16 of the Lease.

"Fair Market Value" shall have the meaning assigned to such term in, and shall be determined in accordance with the procedures set forth in, § 16 of the Lease.

"First Closing Date" shall have the meaning assigned to such term in paragraph 4.2 of the Purchase Agreement.

"First Closing Purchase Price" shall mean the aggregate Purchase Price of the Schedule A Equipment settled for on the First Closing Date.

"GECC" shall mean General Electric Capital Corporation, a New York corporation (formerly known as General Electric Credit Corporation).

"GECC Documents" shall have the meaning assigned to such term in Section 9(b) of the Participation Agreement.

"Indebtedness" shall have the meaning assigned to such term in the recitals contained in the Indenture.

"Indemnified Matters" shall have the meaning assigned to such term in § 12 of the Lease.

"Indemnified Persons" shall have the meaning assigned to such term in § 6 of the Lease.

"Indemnity Agreement" shall mean the Indemnity Agreement dated as of December 22, 1987, between the Owner and the Lessee.

"Indemnity Support Agreement" shall mean the Indemnity Support Agreement dated as of December 22, 1987, among Consumer, GECC, Supplier's Contractor and the Lessee.

"Indemnity Support Agreement Assignment" shall mean the Assignment of Indemnity Support Agreement, dated as of December 22, 1987, between the Lessee and the Owner.

"Indemnity Support Agreement Consent" shall mean the Consent and Agreement dated as of December 22, 1987, entered into by Consumer, GECC and Supplier's Contractor, relating to the Indemnity Support Agreement Assignment.

"Indenture" shall mean the Trust Indenture and Security Agreement dated as of December 22, 1987, between the Indenture Trustee and the Owner Trustee.

"Indenture Event of Default" shall have the meaning assigned to such term in Section 5.1 of the Indenture.

"Indenture Supplement" shall mean an Indenture Supplement, substantially in the form of Exhibit B to the Indenture, entered into by the Indenture Trustee and the Owner Trustee and acknowledged by the Builder.

"Indenture Trustee" shall mean The Connecticut Bank and Trust Company, National Association, a national banking association.

"Indenture Trustee Documents" shall have the meaning assigned to such term in Section 8(b) of the Participation Agreement.

"Interim Rent" shall have the meaning assigned to such term in § 3.1(2) of the Lease.

"Lease" shall mean the Lease of Railroad Equipment dated as of December 22, 1987, between the Lessor and the Lessee.

"Lease Casualty Values" shall have the meaning assigned to such term in Section 8 of the Operative Agreement.

"Lease Event of Default" shall mean an Event of Default under the Lease.

"Lease Supplement" shall mean a Lease Supplement, substantially in the form of Exhibit A to the Lease, entered into between the Lessor and the Lessee.

"Lease Term" shall have the meaning assigned to such term in § 4.1 of the Lease.

"Lessee" shall mean The Connecticut National Bank, a national banking association, not in its individual capacity but solely as LMX Trustee.

"Lessee Documents" shall have the meaning assigned to such term in Paragraph 14(b) of the Participation Agreement.

"Lessor" shall mean the Owner Trustee.

"Lessor's Lien" shall have the meaning assigned to such term in § 9 of the Lease.

"Lien" shall mean any lien, claim, security interest or other encumbrances of any nature whatsoever.

"LMX" shall mean LMX Corporation, a Delaware corporation.

"LMX Documents" shall have the meaning assigned to such term in Paragraph 3(b) of the Participation Agreement.

"LMX Trust Agreement" shall mean the LMX 1987 Trust Agreement dated as of December 22, 1987, between LMX and The Connecticut National Bank.

"LMX Trustee" shall mean The Connecticut National Bank, a national banking association, as LMX Trustee under the LMX Trust Agreement.

"Loan Value" shall have the meaning assigned to such term in Section 4.1(b) of the Indenture.

"Maintenance Agreement" shall mean the Maintenance and Service Agreement dated as of December 22, 1987, between the Lessee and Supplier's Contractor.

"Maintenance Agreement Assignment" shall mean the Assignment of the Maintenance Agreement, dated as of December 22, 1987, between the Lessee and the Lessor.

"Maintenance Agreement Consent" shall mean the Consent and Agreement dated as of December 22, 1987, entered into by Supplier's Contractor, relating to the Maintenance Agreement Assignment.

"Make Whole Premium Amount" shall have the meaning assigned to such term in Section 2.9 of the Indenture.

"Majority in Interest" shall mean (1) at any time after the First Closing Date but before the earlier of June 30, 1988, and the Second Closing Date (A) for purposes of consents, waivers, amendments and modification in respect of any of the Operative Documents, the Purchasers having original commitments representing at least a majority of the aggregate original commitments under the Participation Agreement and (B) for all other purposes of the Indenture, the holder or holders of at least a majority of unpaid principal amount of the Secured Notes at the time outstanding (not including any Secured Notes held by Consumer, Lessor or Lessee) and (2) thereafter the holder or holders of at least a majority of the unpaid principal amount of the Secured Notes at the time outstanding.

"Net Economic Return" shall have the meaning assigned to such term in § 3.1(6) of the Lease.

"New Notes" shall have the meaning assigned to such term in Section 9.5 of the Indenture.

"Officer's Certificate" shall mean, as to any entity, a certificate executed by an officer or authorized representative of such entity.

"Old Notes" shall have the meaning assigned to such term in Section 9.5 of the Indenture.

"Operative Agreement" shall mean the Operative Agreement dated as of December 22, 1987, between the Lessee and Consumer.

"Operative Agreement Assignment" shall mean the Assignment of Operative Agreement and Consumer Agreement dated as of December 22, 1987, between the Lessee and the Lessor.

"Operative Agreement Consent" shall mean the Consent and Agreement dated as of December 22, 1987, entered into by Consumer, relating to the Operative Agreement Assignment.

"Operative Documents" shall mean the Participation Agreement, the Trust Agreement, the LMX Trust Agreement, the Purchase Agreement, the Indenture, the Lease, the Indemnity Agreement, the Indemnity Support Agreement, the Indemnity Support Agreement Assignment, the Indemnity Support

Agreement Consent, the EPPA, the EPPA Assignment, the EPPA Consent, the Maintenance Agreement, the Maintenance Agreement Assignment, the Maintenance Agreement Consent, the Bailment Agreement, the Consumer Agreement, the Operative Agreement, the Operative Agreement Assignment, the Operative Agreement Consent and each Bill of Sale, Lease Supplement and Indenture Supplement entered into in connection with any unit of Equipment settled for on either Closing Date.

"Overdue Rate" shall have the meaning assigned to such term in § 19 of the Lease.

"Owner" shall mean Bell Atlantic TriCon Leasing Corporation, a Delaware corporation.

"Owner Documents" shall have the meaning assigned to such term in Paragraph 4(b) of the Participation Agreement.

"Owner Trustee" shall mean Meridian Trust Company, a Pennsylvania trust company, as Owner Trustee under the Trust Agreement.

"Owner Trustee Documents" shall have the meaning assigned to such term in Paragraph 6(b) of the Participation Agreement.

"Participants" shall mean the Purchasers and the Owner.

"Participation Agreement" shall mean the Participation Agreement dated as of December 22, 1987, among LMX, the Lessee, the Indenture Trustee, the Owner Trustee, the Owner, GECC, Supplier's Contractor and the Purchasers.

"Permitted Contest" shall mean, with respect to any Lien, that the party otherwise required to discharge such Lien under the Operative Documents is diligently contesting the existence, amount, applicability, extent or validity thereof in good faith by appropriate proceedings which shall not, in the reasonable opinion of the Lessor or the Indenture Trustee, present a substantial risk to the title, interest or rights of the Lessor (including rights of possession) or the Indenture Trustee in and to the Units.

"Permitted Liens" shall mean (a) the respective rights and interests of the parties to the Participation Agreement and Consumer, as provided in the Operative Documents, (b) Lessor's Liens, (c) Liens for Taxes and

assessments either not yet due and payable or which are the subject of Permitted Contest, (d) materialmen's, mechanics', workers', repairmen's, employees' or other like Liens arising in the ordinary course of business or in the course of constructing, equipping or installing the Equipment for amounts which either are not yet delinquent or are bonded in a manner satisfactory to the Lessor, or the enforcement of which has been stayed pending a Permitted Contest or which are the subject of a Permitted Contest, and (e) Liens arising out of judgments or awards against the Lessee which have been bonded in full or stayed pending appeal pursuant to a Permitted Contest or which are being appealed pursuant to a Permitted Contest.

"Potential Indenture Event of Default" shall mean an event which with the giving of notice or passage of time or both would become an Indenture Event of Default.

"Private Placement Memoranda" shall mean the Equity Placement Memorandum dated October 1987 and the Private Placement Debt Memorandum dated November 1987, in each case relating to the transactions contemplated by the Participation Agreement.

"Purchase Agreement" shall mean the Purchase Agreement dated as of December 22, 1987, between the Builder and the Owner Trustee.

"Purchase Price" shall have the meaning assigned to such term in paragraph 4.1 of the Purchase Agreement.

"Purchasers" shall mean the institutional investors named in Appendix I to the Participation Agreement.

"Register" shall have the meaning assigned to such term in Section 9.3 of the Indenture.

"Renewal Term" shall have the meaning assigned to such term in § 4.1 of the Lease.

"Schedule A Equipment" shall have the meaning assigned to such term in paragraph 4.2 of the Purchase Agreement.

"Schedule B Equipment" shall have the meaning assigned to such term in paragraph 4.2 of the Purchase Agreement.

"Second Closing Date" shall have the meaning assigned to such term in paragraph 4.2 of the Purchase Agreement.

"Second Closing Purchase Price" shall mean the aggregate Purchase Price of the Schedule B Equipment settled for on the Second Closing Date.

"Secured Notes" shall mean the Series A Secured Notes and Series B Secured Notes.

"Series A Secured Notes" shall mean the Owner Trustee's 9.634% Series A Secured Notes due June 30, 1998, issued or to be issued pursuant to the Indenture.

"Series B Secured Notes" shall mean the Owner Trustee's 9.634% Series B Secured Notes due June 30, 1998, issued or to be issued pursuant to the Indenture.

"Special Purchase Event" shall have the meaning assigned to such term in § 3.1(3) of the Lease.

"Specifications" shall have the meaning assigned to such term in Article 2 of the Purchase Agreement.

"Supplemental Rent" shall mean (a) the regular annual fees charged by, and the out-of-pocket disbursements (including without limitation legal and other professional fees and expenses) of, the Lessor and the Indenture Trustee; (b) all fees, expenses, disbursements and costs (including, without limitation, legal and other professional fees and expenses) incurred by the Owner, the Lessor, the holders of the Secured Notes and the Indenture Trustee in connection with (i) any Lease Event of Default, (ii) the entering into or giving or withholding of any amendment, modification or supplement to the Operative Documents (except as to matters affecting only the respective interests of the Owner Trustee and the Indenture Trustee such as § 5.3(b) of the Indenture, which the Owner shall pay) other than the fees, expenses, disbursements and costs (including, without limitation, legal and other professional fees and expenses) incurred by the Owner, the Lessor, the holders of the Secured Notes and the Indenture Trustee in connection with any amendment, modification, supplement, waiver or consent requested by the Owner in connection with any transfer of its interest under the Participation Agreement (except any transfers resulting from a Casualty Occurrence or a Lease Event of Default) or under the Trust Agreement, which the Owner shall pay, and (iii) any Casualty Occurrence; (c) any amounts payable by the Lessor to the Builder under the Purchase Agreement pursuant to paragraph 5.2 thereof or otherwise (other than Purchase Price); (d) any amounts payable by the Lessor to the Indenture Trustee or the holders of the Secured Notes

under or pursuant to the Indenture (other than principal of and interest on the Secured Notes) (exclusive of any amounts payable as a result of an Indenture Event of Default which does not constitute a Lease Event of Default, which the Owner shall pay) including (notwithstanding anything to the contrary contained in the Lease, but without duplication of any amounts payable pursuant to § 6 and § 12 of the Lease), as they become due and payable, any and all taxes, assessments and other governmental charges that the Lessor is required to pay in connection with the Secured Notes to the Indenture Trustee or the holders of such Secured Notes; and (e) any and all amounts, liabilities and obligations other than Interim Rent, Basic Rent, Casualty Values and Termination Values which the Lessee assumes or agrees to pay to or on behalf of the Lessor, the Owner, the Indenture Trustee, the Purchasers, any other holders of the Secured Notes or any Indemnified Party under any Operative Document (whether or not designated as Supplemental Rent).

"Supplier's Contractor" shall mean General Electric Company, a New York corporation.

"Supplier's Contractor Default" shall have the meaning assigned to such term in § 13.1(G) of the Lease.

"Supplier's Contractor Documents" shall have the meaning assigned to such term in Paragraph 7(b) of the Participation Agreement.

"Taxes" shall have the meaning assigned to such term in § 6 of the Lease.

"Tax Assumptions" shall have the meaning assigned to the term Assumptions in Section 2 of the Indemnity Agreement.

"Termination Values" shall have the meaning assigned to such term in § 13.7 of the Lease.

"Transaction Documents" shall have the meaning assigned to such term in § 6 of the Lease.

"Transaction Expenses" shall have the meaning assigned to such term in Paragraph 12 of the Participation Agreement.

"Trust Agreement" shall mean the Trust Agreement dated as of December 22, 1987, between the Owner Trustee and the Owner.

"Trust" or "Trust Estate" when used in the context of the LMX Trust Agreement or the Trust Agreement, shall have the meaning assigned to such term in the LMX Trust Agreement and the Trust Agreement, respectively.

"Trust Indenture Documents" shall mean all Operative Documents referred to in Section 1 (other than those solely referred to in Section 1.4) of the Indenture.

"Units" shall have the meaning assigned to such term in the third preamble in the Lease.