

REBOUL, MACMURRAY, HEWITT, MAYNARD & KRISTOL

45 ROCKEFELLER PLAZA

NEW YORK, N. Y. 10111

RECORDATION NO. 16418-D FILED 1425

AUG 31 1989 -12 40 PM

INTERSTATE COMMERCE COMMISSION

August 31, 1989

RECORDATION NO. 16418-B FILED 1425

AUG 31 1989 -12 40 PM

INTERSTATE COMMERCE COMMISSION

WILLIAM J. HEWITT
HOWARD G. KRISTOL
JOHN C. MACMURRAY
JOHN MAYNARD
JOHN W. REBOUL
WAYNE A. CROSS
WILLIAM F. MCCORMACK
JOHN C. NOVOGROD
ROBERT SCHEFF
ROBERT A. SCHWED
DAVID S. ELKIND
CHARLES D. UNIMAN
ROBERT P. DEVLIN
JAMES E. MAGEE (D. C. BAR)
ROBERT L. SILLS
CHARLES W. SPRAGUE
WILLIAM I. SUSSMAN
MARK J. TANNENBAUM
ANDREW P. TASHMAN
ROBERT M. PEAK
ROBERT COULTAS
EDWARD A. McDONALD

RECORDATION NO. 16418-A FILED 1425

AUG 31 1989 -12 40 PM

INTERSTATE COMMERCE COMMISSION
TELEPHONE: (212) 841-5700
TELEFAX: 620-525
TELECOPIER: (212) 841-5725

ALFRED OGDEN
MICHAEL DOWNEY RICE
COUNSEL

SUITE 728
523 WEST SIXTH STREET
LOS ANGELES, CALIF. 90014
TELEPHONE: (213) 612-0822
TELECOPIER: (213) 895-0108

SUITE 406
1111 NINETEENTH STREET, N. W.
WASHINGTON, D. C. 20036
TELEPHONE: (202) 429-0004
TELECOPIER: (202) 429-8743

RECORDATION NO. 16418-C FILED 1425

AUG 31 1989 -12 40 PM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary:

As attorney-in-fact for UNUM Life Insurance Company of America, I enclose seven original counterparts of the documents described below to be recorded pursuant to section 11303 of title 49 of the United States Code:

1. Amendment and Restatement dated as of August 30, 1989, a secondary document amending and restating the Master Lease Agreement dated as of April 3, 1989, filed and recorded with you on July 7, 1989, and assigned recordation number 16418;
2. Assignment and Assumption, a secondary document assigning the Master Lease Agreement dated as of April 3, 1989 (as amended and restated by the above-mentioned Amendment and Restatement), filed and recorded with you on July 7, 1989, and assigned recordation number 16418;
3. Lease Assignment dated as of August 30, 1989, a secondary document further assigning the Master Lease Agreement dated as of April 3, 1989 (as amended by the above-mentioned Amendment and Restatement), filed and recorded with you on July 7, 1989, and assigned recordation number 16418; and

4. Chattel Mortgage and Security Agreement dated as of August 30, 1989, a primary document.

Please cross-index these documents to recordation number 16418.

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

Lessee

The Detroit Edison Company
2000 Second Avenue
Detroit, Michigan 48226

First lessor and assignor of the lease

Mellon Financial Services Corporation #3
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258

Lessor, second assignor of the lease, and mortgagor

Banc One Equipment Finance, Inc.
1099, North Meridian
Indianapolis, Indiana 46204

Assignee of the lease and mortgagee

UNUM Life Insurance Company of America
2211 Congress Street
Portland, Maine 04122

The equipment covered by all documents consists of 148 rotary dump gondola cars, bearing the road numbers of The Detroit Edison Company DEEX 8777 through DEEX 8924. Each such gondola car is marked with the legend "OWNERSHIP SUBJECT TO A LEASE FILED WITH THE INTERSTATE COMMERCE COMMISSION."

A short summary of each document to appear in the index follows:

1. Amendment and Restatement dated as of August 30, 1989, between The Detroit Edison Company, lessee, and Mellon Financial Services Corporation No. 3, lessor, amending and restating the Master Lease Agreement dated as of April 3, 1989, between Mellon Financial Services Corporation #3, lessor, and The Detroit Edison Company, lessee, covering 148 rotary dump gondola cars, bearing the road numbers of The Detroit Edison Company DEEX 8777 through DEEX 8924.

2. Assignment and Assumption between Mellon Financial Services Corporation #3, assignor, and Banc One Equipment Finance, Inc. assignee, assigning the Master Lease Agreement dated as of April 3, 1989, between Mellon Financial Services Corporation #3, lessor, and The Detroit Edison Company, lessee, as amended and restated by the Amendment and Restatement date as of August 30,

1989, covering 148 rotary dump gondola cars, bearing the road numbers of The Detroit Edison Company DEEX 8777 through DEEX 8924.

3. Lease Assignment as of August 30, 1989, between Banc One Equipment Finance, Inc., assignor, and UNUM Life Insurance Company of America, assignee, assigning the Master Lease Agreement dated as of April 3, 1989, between Mellon Financial Services Corporation #3, lessor, and The Detroit Edison Company, lessee (which has been assigned to Banc One Equipment Finance, Inc.), covering 148 rotary dump gondola cars, bearing the road numbers of The Detroit Edison Company DEEX 8777 through DEEX 8924.

4. Chattel Mortgage and Security Agreement dated as of August 30, 1989, between Banc One Equipment Finance, Inc., mortgagor, and UNUM Life Insurance Company of America, mortgagee and secured party, covering 148 rotary dump gondola cars, bearing the road numbers of The Detroit Edison Company DEEX 8777 through DEEX 8924.

A fee of \$52 is enclosed, \$13 for each document. Please return all counterparts not needed by the Commission for recordation, stamped to show recordation, to Susan M. Casey, 111 Nineteenth Street, N.W., Washington, D.C. 20036.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Michael Rice", written in dark ink.

Michael Rice

RECORDED 17
16418-A
FILED 1423
AUG 31 1989 - 12:40 PM
INTERSTATE COMMERCE COMMISSION

Duplicate

AMENDMENT AND RESTATEMENT

THIS AMENDMENT AND RESTATEMENT, dated as of August 30, 1989 (this "Amendment") between THE DETROIT EDISON COMPANY, a Michigan corporation, as lessee ("Detroit Edison") and MELLON FINANCIAL SERVICES CORPORATION #3, a Pennsylvania corporation, as lessor ("MFSC"), to the Master Lease Agreement (the "Master Lease Agreement"), dated as of April 3, 1989;

WITNESSETH:

WHEREAS, MFSC and Detroit Edison entered into the Master Lease Agreement pursuant to which MFSC agreed to acquire and lease to Detroit Edison 148 rotary dump gondola cars (the "Class A Equipment") and further agreed, at the request of Detroit Edison, to amend the Master Lease Agreement and accept delivery of, purchase and lease to Detroit Edison an additional 152 rotary dump gondola cars (the "Class B Equipment"); and

WHEREAS, pursuant to a Participation Agreement, dated as of July 20, 1989, between Detroit Edison, MFSC, TECO Investments, Inc. and UNUM Life Insurance Company of America, Inc., MFSC assigned to TECO the right and obligation to purchase, accept and lease the Class B Equipment to Detroit Edison, which assignment and assumption was approved by Detroit Edison; and

WHEREAS, MFSC and Detroit Edison desire to amend the Master Lease Agreement to eliminate all references to "classes of Equipment" and, in accordance with Sections 3 and 4 thereof, to fix the Basic Rent, Termination Values and Stipulated Loss Values applicable to the Class A Equipment and establish a Final Rental Supplement for the Class A Equipment, and to make other changes; and

NOW, THEREFORE, in consideration of the premises and intending to be legally bound hereby, MFSC and Detroit Edison hereby agree as follows.

1. The Master Lease Agreement is amended and restated in its entirety as set forth below:

MASTER LEASE AGREEMENT

This MASTER LEASE AGREEMENT, dated as of April 3, 1989 between MELLON FINANCIAL SERVICES CORPORATION # 3 (together with its permitted successors and assigns, "Lessor"), and THE DETROIT EDISON COMPANY, a Michigan corporation (together with its permitted successors and assigns, "Lessee").

1. Lease.

(a) Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor hereunder, those items of personal property (the "Equipment") which are described generally on Exhibit A hereto and which are more specifically identified in each Acceptance Certificate (as hereinafter defined) executed from time to time by Lessee. As more fully described in Section 3(a) hereof, each item of Equipment shall be accepted and subjected to this Lease by the execution by Lessee of a Certificate of Acceptance in substantially the form of Exhibit B hereto (an "Acceptance Certificate"). Lessee's execution and delivery to Lessor of an Acceptance Certificate with respect to any item of Equipment shall constitute Lessee's irrevocable acceptance of such item of Equipment for all purposes of this Lease. Each Acceptance Certificate shall incorporate therein all of the terms and conditions of this Lease and shall constitute a part of this Lease to the same extent as if the provisions thereof were set forth in full herein.

Each Acceptance Certificate shall be executed and all Equipment subjected to this Lease on or before September 30, 1989. Lessor shall have no obligation after such date to accept any Acceptance Certificate hereunder or to purchase or commence the lease of any Equipment.

(b) The total Lessor's Cost of all items of Equipment leased pursuant hereto shall not exceed \$7,500,000, unless otherwise agreed to by Lessor.

(c) Lessee shall arrange for delivery of each item of Equipment and Lessor shall have no responsibility or obligation whatsoever with respect to such arrangement.

(d) Lessor shall not be obligated to accept or execute an Acceptance Certificate with respect to, or to purchase and lease, any item of Equipment unless all of the conditions referred to in Section 24 hereof shall have been fulfilled with respect thereto.

2. Definitions.

(a) As used in this Lease, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Acceptance Certificate" as defined in Section 1(a) hereof.

"Additional Rent" shall mean all amounts payable hereunder other than Basic Rent.

"Basic Rent" shall mean all amounts of periodic rental payable semi-annually hereunder pursuant to Section 4 and Section 3(d) hereof.

"Business Day" shall mean a day other than a Saturday, Sunday or legal holiday under the laws of the State of Ohio, the State of Michigan or the State of New York.

"Change in Tax Law" shall mean any change in Federal tax law or regulations in effect as of the date of this Lease, which change occurs or becomes effective at any time after the date of this Lease, including without limitation, any technical corrections to the Reform Act.

"Closing Date" as defined in Section 3(a) hereof.

"Code" shall mean the Internal Revenue Code of 1986 as it may be amended hereafter, or any comparable successor law.

"Commencement Date" as defined in Section 3(a) hereof.

"Default" shall mean any event or condition which after the giving of notice or lapse of time or both would become an Event of Default.

"Equipment" as defined in Section 1(a) hereof.

"Event of Default" as defined in Section 17 hereof.

"Event of Loss" shall mean, in the good faith and reasonable opinion of Lessee, with respect to any item of Equipment, the actual or constructive total loss of such item of Equipment or the use thereof, due to theft, destruction, damage beyond repair or rendition thereof permanently unfit for normal use from any reason whatsoever, or the condemnation, confiscation or seizure of, or requisition of title to or use of, such item of Equipment for a period of six consecutive months (excluding such period during which Lessee is unable to repair the item due to events beyond its control).

"Fair Market Rental Value" shall, at any time with respect to any item of Equipment, be equal to the rental value of such item of Equipment for the Renewal Term which would be obtained in an arm's length transaction between an informed and willing lessor under no compulsion to lease and an informed and willing lessee-user (other than a lessee currently in possession) under no compulsion to lease. If Lessor and Lessee cannot agree on the dollar amount of the Fair Market Rental Value, then the Fair Market Rental Value shall be determined by an independent appraiser (at Lessee's expense) selected by Lessor, which determination shall be made (a) without deduction for any cost or expenses of dismantling or removal; and (b) on the assumption that such item of Equipment is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Section 6 hereof.

"Fair Market Value" shall, at any time with respect to any item of Equipment, be equal to the sale value of such item of Equipment which would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer-user (other than a lessee currently in possession or a used equipment or scrap dealer) under no compulsion to buy. For purposes of Section 6(b) hereof, if Lessor and Lessee cannot agree on the dollar amount of the Fair Market Value, then the Fair Market Value shall be determined by an independent appraiser (at Lessee's expense) selected by Lessor, which determination shall be made (a) without deduction for any costs or expenses of dismantling or removal; and (b) on the assumption that such item of Equipment is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Section 6(a) hereof. For purposes of Section 18(c) hereof, Fair Market Value shall be determined (at Lessee's expense) by an independent appraiser selected by Lessor, on an "as-is, where-is" basis, without regard to the provisions of clauses (a) and (b) above; provided, that, if Lessor shall have sold any item of Equipment pursuant to Section 18(b) hereof prior to giving the notice referred to in Section 18(c) hereof, Fair Market Value of such item of Equipment shall be the net proceeds of such sale after deduction of all costs and expenses incurred by Lessor in connection therewith; provided, further, that if for any reason Lessor is not able to obtain possession of any item of Equipment pursuant to Section 18(a) hereof, the Fair Market Value of such item of Equipment shall be zero.

"Financial Statements" shall mean reports submitted by Lessee from time to time to the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K.

"Indemnatee" as defined in Section 16 hereof.

"Interim Term" for each item of Equipment shall mean the period beginning with the Commencement Date for such item and ending on the day prior to the Primary Term Commencement Date for such item.

"Late Charge Rate" shall mean an interest rate per annum equal to the greater of (i) Prime Rate plus two percent (2%) and (ii) eighteen (18%).

"Lease" and the terms "hereof", "herein", "hereto", and "hereunder", when used in this Master Lease Agreement, shall mean and include this Master Lease Agreement and each Schedule and Exhibit hereto and each Acceptance Certificate, Rental Supplement, Stipulated Loss Value Schedule and Termination Value Schedule delivered pursuant hereto, as the same may from time to time be amended, modified or supplemented.

"Lease Term" shall mean, with respect to any item of Equipment, the Interim Term, the Primary Term and, if renewed, the Renewal Term therefor.

"Lessee" as defined in the introductory paragraph to this Lease.

"Lessor" as defined in the introductory paragraph of this Lease.

"Lessor's Cost" shall mean, with respect to any item of Equipment, the total amount paid by Lessor for such item of Equipment, which amount shall be set forth in the Supplement pertaining to such item of Equipment.

"Lessor's Economics" shall mean the after-tax yield and periodic after-tax cash flow anticipated by Lessor as of the date of this Lease, in connection with the transactions contemplated by this Lease, as determined by Lessor.

"Lessor's Liens" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person claiming through or under Lessor, which is unrelated to the ownership of the Equipment or the transactions contemplated by this Agreement.

"Lessor's Net Economic Return" as defined in Schedule 2.

"Liens" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person, other than any Lessor's Lien.

"Loss Payment Date" shall mean with respect to any item of Equipment the date on which payment, as described in Section 15(b) hereof, is made to Lessor by Lessee as the result of an

Event of Loss with respect to such item. The Loss Payment Date shall be within thirty (30) days of the said Event of Loss.

"Manufacturer" as defined in Section 3(a).

"Permitted Liens" shall mean (i) Lessor's interest in the Equipment, (ii) Liens for taxes either not yet due or being contested by Lessee in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained in accordance with generally accepted accounting principles, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of the Equipment; and (iii) materialmen's, mechanic's, workmen's, repairmen's, or other like Liens arising in the ordinary course of business and securing obligations which are not delinquent or which are being contested by Lessee in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained in accordance with generally accepted accounting principles, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of the Equipment.

"Prime Rate" shall mean the rate of interest announced by Mellon Bank, N.A. as its prime rate, such rate to change automatically effective with each change in such prime rate.

"Primary Term" with respect to any item of Equipment shall mean the period commencing with the Primary Term Commencement Date with respect to such item, continuing unbroken for 20 years to the twentieth anniversary of the Primary Term Commencement Date.

"Primary Term Commencement Date" shall mean the earlier of the last Business Day of the month following the month in which the last unit of the Equipment is accepted for lease hereunder and October 31, 1989.

"Reform Act" shall mean the Tax Reform Act of 1986.

"Renewal Term" shall mean the period subsequent to the end of the Primary Term during which the Equipment is leased hereunder pursuant to Section 3(d) hereof.

"Rent" shall mean all Additional Rent and Basic Rent.

"Rent Payment Date" shall mean each date on which an installment of Rent is due and payable pursuant to Section 4 hereof during the Primary Term therefor and pursuant to Section 3(d) hereof during the Renewal Term therefor.

"Stipulated Loss Value" shall mean, with respect to any item of Equipment, the amount determined by multiplying the Lessor's Cost of such item of Equipment by the percentage set forth in Schedule 1 hereto opposite the applicable period;

provided, that for purposes of Sections 15(b) and 18(c) hereof, any determination of Stipulated Loss Value as of a date occurring after the final Rent Payment Date with respect to such item of Equipment, shall be made as of such final Rent Payment Date.

"Termination Value" shall mean, with respect to any item of Equipment, the amount determined by multiplying the Lessor's Cost of such item of Equipment by the percentage set forth in Schedule 1 hereto opposite the applicable Rent Payment Date.

(b) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

3. Delivery, etc.; Additional Equipment; Renewal.

(a) Delivery, Lease Commencement and Lease Closing. Lessor hereby appoints Lessee to act on its behalf for the purpose of accepting Equipment delivered pursuant to Purchase Order # ER-197455 (the "P.O."). The Equipment will be delivered periodically until all the Equipment purchased under the P.O. is delivered. Equipment will be accepted once each week, such acceptance to be evidenced by the delivery to the manufacturer thereof (the "Manufacturer") and Lessor of an Acceptance Certificate, and the Lease Term of this Lease with respect to such Equipment will commence on the date (the "Commencement Date") of such acceptance. Subject to satisfaction of the conditions referred to in Section 24 hereof, Lessor will pay the Manufacturer, Lessor's Cost of Equipment purchased under the P.O. and delivered in any month, on the fifteenth (15th) day of the next succeeding month (or if the 15th day is not a Business Day, then the next succeeding Business Day) (a "Closing Date"). Lessee shall notify the Manufacturer and Lessor of each Closing Date and the amount of the purchase price due thereon not less than 9 Business Days prior thereto.

(b) P. O. Assignment. Lessor hereby accepts the assignment of Lessee's rights under the P.O. as evidenced by Detroit Edison Change Order #1 and, subject to the terms of this Lease, the obligation to pay the purchase price for the Equipment covered thereby. In the event that for any reason on any Closing Date Lessor shall not fund the purchase of any Equipment Lessor shall, at the request of Lessee, reassign such rights and obligations with respect to such Equipment to Lessee.

(c) [Intentionally Omitted]

(d) Renewal Option. So long as no Default or Event of Default shall have occurred and be continuing, Lessee may, by written notice delivered to Lessor at least 120 days (but not more than 360 days) prior to expiration of the Primary Term or any Renewal Term of the Equipment, extend the Lease Term for a period of two years. All provisions of this Lease shall be applicable

during any Renewal Term except that 1) Lessee shall pay, in the same manner as provided in Section 4 hereof, Basic Rent in an amount equal to A) the Fair Market Rental Value, not to exceed 50% of the average Primary Term Basic Rent, for any Renewal Term that does not extend beyond the fourth anniversary of the end of the Primary Term; or B) the Fair Market Rental Value, for any Renewal Term that extends beyond the fourth anniversary of the end of the Primary Term; and 2) the Stipulated Loss Value of the Equipment leased during any Renewal Term shall be determined as of the last Rent Payment Date occurring in the Primary Term or the last Renewal Term, as the case may be. Lessor and Lessee hereby agree to determine the Fair Market Rental Value of the Equipment prior to the renewal notification required by Lessee herein and if Lessor and Lessee cannot agree, then Lessor shall diligently seek an independent appraisal for such purpose or waive its notification rights.

4. Rent.

(a) Basic Rental Payable During Primary Term. Lessee shall pay to Lessor Basic Rent in an amount equal to Lessor's Cost multiplied by the appropriate Rental Factor listed on Schedule 2 to the Lease, as adjusted pursuant to Section 4(b), for each item of Equipment in consecutive semi-annual payments during the Primary Term for such item as described thereon, with the first payment due on the last day of the sixth month following the Primary Term Commencement Date and succeeding payments due semi-annually thereafter as described thereon. Rent shall be payable at the office of Lessor specified in Section 23 hereof. Lessee will not be required to pay any interim rent.

(b) Adjustment of Rent. Lessor has developed the Stipulated Loss Value Factors and Termination Value Factors shown on Schedule 1 and the Rental Factors shown on Schedule 2 based upon the assumptions set forth in Schedule 2. At least five Business Days prior to the actual Primary Term Commencement Date for the Equipment, Lessor shall prepare and deliver to Lessee a revised Schedule 1 which shall set forth final Stipulated Loss Value and Termination Value Factors and a Final Rental Supplement in the form of Schedule 2 which shall set forth Rental Factors and amounts of Basic Rent for the Equipment, each such Schedule based on the actual amount of Lessor's Cost funded on each Closing Date, the actual Closing Dates, the actual Lease Term Commencement Dates and the actual Primary Term Commencement Date, and computed in the same manner as the Rental Factors reflected in Schedule 2 to maintain Lessor's Net Economic Return (as defined in Schedule 2) and to hold constant at 78.594% the ratio between the outstanding indebtedness of Lessor to UNUM Life Insurance Company of America ("UNUM") with respect to the Equipment and Lessor's Cost (the "Leverage Ratio").

(c) Limitations. Notwithstanding anything to the contrary contained in this Lease or the Schedules hereto, no adjustment to Schedule 2 shall reduce Basic Rent below the amounts necessary to pay principal and interest on the Notes issued by the Lessor to UNUM and, provided further, that the Stipulated Loss Values and Termination Values, as adjusted under Section 4(b), shall, at all times be sufficient to pay amounts due UNUM upon early termination of this Lease or upon loss or destruction of the Equipment.

(d) Interest. Lessee shall also pay to Lessor, on demand, interest at the Late Charge Rate on any installment of Basic Rent and on any other amount owing hereunder which is not paid when due, for any period for which the same shall be overdue. Each payment made under this Lease shall be applied first to the payment of interest then owing and then to Rent or other amounts owing hereunder. Interest shall be computed on the basis of a 360-day year and actual days elapsed.

(e) Net Lease. This Lease is a net lease and Lessee's obligation to pay all Rent and all other amounts payable hereunder is ABSOLUTE AND UNCONDITIONAL under any and all circumstances and shall not be affected by any other circumstances of any character whatsoever, including, without limitation, (i) any set-off, counterclaim, recoupment, defense, abatement or reduction or any right which Lessee may have against Lessor, the Manufacturer or any other supplier of any of the Equipment or anyone else for any reason whatsoever; (ii) any defect in the title, condition, design, or operation of, or lack of fitness for use of, or any damage to, or loss of, all or any part of the Equipment from any cause whatsoever; (iii) the existence of any Liens with respect to the Equipment; (iv) the invalidity, unenforceability or disaffirmance of this Lease or any other document related hereto; or (v) the prohibition of or interference with the use or possession by Lessee of all or any part of the Equipment, for any reason by anyone (other than Lessor and any party acting through or under Lessor) including, without limitation, by reason of (1) claims for patent, trademark or copyright infringement; (2) present or future governmental laws, rules or orders; (3) the insolvency, bankruptcy or reorganization of any person; and (4) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, provided Lessor does not breach or continue to breach its obligations set forth in Section 25 hereof. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any Equipment. If for any reason whatsoever this Lease or any Supplement, except as expressly permitted herein, shall be terminated in whole or in part by operation of law or otherwise, Lessee will nonetheless pay to Lessor an amount equal to each installment of Rent at the time such installment would have become due and payable in accordance with the terms hereof. Except for

manifest error, each payment of Rent or other amount paid by Lessee hereunder which is due and payable shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

5. Disclaimer; Assignment of Warranties.

(a) LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE AND LESSEE HEREBY EXPRESSLY WAIVES ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO THE DESIGN, QUALITY OR CONDITION OF THE EQUIPMENT OR ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE OR AS TO THE TITLE TO OR LESSOR'S OR LESSEE'S INTEREST IN THE EQUIPMENT OR AS TO ANY OTHER MATTER RELATING TO THE EQUIPMENT OR ANY PART THEREOF.

LESSEE CONFIRMS THAT IT HAS SELECTED THE EQUIPMENT AND EACH PART THEREOF ON THE BASIS OF ITS OWN JUDGMENT AND EXPRESSLY DISCLAIMS RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY LESSOR, AND LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OR VENDOR OF ANY PART OF THE EQUIPMENT.

EXCEPT AS SET FORTH IN SECTIONS 10(b) AND 10(c) HEREOF, NEITHER LESSOR NOR LESSEE MAKES NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCOUNTING TREATMENT TO BE ACCORDED TO THE TRANSACTIONS CONTEMPLATED BY THIS LEASE OR AS TO ANY TAX CONSEQUENCES AND/OR TAX TREATMENT THEREOF.

(b) Lessor hereby assigns to Lessee such rights as Lessor may have (to the extent Lessor may validly assign such rights) under all manufacturers' and suppliers' warranties with respect to the Equipment; provided, however, that the foregoing rights shall automatically revert to Lessor upon the occurrence and during the continuance of any Event of Default hereunder, or upon the return of the Equipment to Lessor and provided further that Lessee shall not commence any action or proceeding in Lessor's name unless it shall have given Lessor at least 10 Business Days prior written notice thereof. Lessee agrees to settle all claims with respect to the Equipment directly with the manufacturers or suppliers thereof, and to give Lessor prompt notice of any such settlement and the details of such settlement.

6. Return; Purchase Options; Early Termination.

(a) Return. Lessee shall, upon the expiration of the Lease Term of each item of Equipment, within 15 days after the receipt of Lessor's written direction, return such item of Equipment to Lessor at such place within 200 miles of Chicago, Illinois on a major rail line as Lessor shall designate in writing to Lessee. Until such item of Equipment is returned to Lessor pursuant to the provisions of this Section, all of the provisions of this

Lease with respect thereto shall continue in full force and effect. Lessee shall pay all the costs and expenses in connection with or incidental to the return of the Equipment, including, without limitation, the cost of removing, assembling, packing, insuring and transporting the Equipment. Lessee will pay reasonable storage fees for a period not to exceed 90 days following expiration of the Lease Term. Storage will be limited to two locations. At the time of such return, the Equipment shall be in the condition and repair required to be maintained by Section 11 hereof, shall be suitable for use in unrestricted interchange service under the interchange rules of the Association of American Railroads and shall be free and clear of all Liens except for Lessor's Liens.

(b) Purchase Option. So long as no Default or Event of Default shall have occurred and be continuing, Lessee may, by written notice given to Lessor at least 120 days (but not more than 360 days) prior to the expiration date of the Lease Term of the Equipment (which notice shall be irrevocable), elect to purchase all, but not less than all, of the Equipment on such expiration date for a cash purchase price equal to the Fair Market Value of such Equipment determined as of such expiration date (such Fair Market Value not to exceed \$16,500 per Unit of Equipment) plus an amount equal to all Imposts (as defined in Section 10 hereof), costs and expenses (including legal fees and expenses) incurred or paid by Lessor in connection with such sale and any Rent or other sums then due and payable under this Lease. Upon payment by Lessee of such purchase price, and of all other amounts then due and payable by Lessee hereunder, Lessor shall transfer title to such Equipment to Lessee on an "as-is, where-is" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Liens.

(c) Early Purchase Option. So long as no Default or Event of Default shall have occurred and be continuing, Lessee may, by written notice delivered to Lessor at least 120 days (but not more than 360 days) prior to the fifteenth (15) anniversary of the Primary Term Commencement Date, purchase all but not less than all of the Equipment. Following delivery of such notice, Lessee shall pay Lessor on such fifteenth (15) anniversary an amount equal to \$30,000 per Unit of Equipment, plus an amount equal to all Imposts, reasonable costs and expenses (including legal fees and expenses) incurred or paid by Lessor in connection with such sale and any Rent or other sums then due and payable under this Lease. Upon payment by Lessee of such purchase price and all other amounts then due and payable hereunder, Lessor shall transfer title to such Equipment to Lessee on an "as-is, where-is" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Lien.

(d) Early Termination as to Obsolescence or Surplus.

So long as no Default or Event of Default has occurred and is continuing and that all of the Equipment, in the sole judgment of Lessee as evidenced by a certificate of Lessee delivered to Lessor to such effect, is obsolete, surplus or is not longer useful to Lessee, Lessee may notify Lessor in writing of its election to terminate the Lease on any Rental Payment Date occurring on or after the seventh anniversary of the Primary Term Commencement Date and not less than seventy five (75) days after the date of such notice. After such notification the Lessee, as Lessor's agent, shall sell the Equipment on an "as-is", "where-is" basis, without Lessor's representation or warranty, express or implied, or recourse to Lessor of any kind, and shall promptly deliver any and all proceeds of sale to the Lessor. Neither Lessee nor any parent, subsidiary or affiliate of Lessee, shall become, directly or indirectly, a purchaser at any sale of Equipment or continue to use any Equipment which has been sold. The Lease Term and Lessee's obligation to pay Rent shall continue until the Rent Payment Date next following the delivery of such notice of election. Upon receipt by Lessor of the proceeds of the sale of the Equipment, Lessor shall notify Lessee of such receipt and Lessee shall pay to Lessor the deficiency, if any, between the proceeds of the sale delivered to Lessor and the Termination Value as of such Rent Payment Date pertaining to such Equipment. In no event shall Lessee receive any of the proceeds from sale hereunder.

At Lessor's option, Lessor may retain the Equipment as to which an election pursuant to this Section 6(d) is made, but, will then waive Lessee's obligation to pay the Termination Value with respect thereto. In such event, the Lease will terminate as of the Rental Payment Date next following Lessee's delivery of the Equipment as set forth in Section 6(a) hereof.

7. Representations and Warranties. In order to induce Lessor to enter into this Lease and to lease the Equipment to Lessee hereunder, Lessee represents and warrants that:

(a) Organization. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and, if required by law, is duly qualified to do business and is in good standing in all states in which the Equipment will be located.

(b) Power and Authority. Lessee has full power, authority and legal right to execute, deliver and perform this Lease, and the execution, delivery and performance hereof has been duly authorized by all necessary corporate action of Lessee.

(c) Enforceability. This Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms.

(d) Consents and Permits. The execution, delivery and performance of this Lease does not require any stockholder approval or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee, and will not contravene any law, regulation, judgment or decree applicable to Lessee, or the certificate of incorporation or by-laws of Lessee, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon any property of Lessee under any mortgage, instrument or other agreement to which Lessee is a party or by which Lessee or its assets may be bound or affected; and no authorization, approval, license, filing or registration with any court or governmental agency or instrumentality, including without limitation the Michigan Public Utilities Commission, is necessary in connection with the execution, delivery, performance, validity and enforceability of this Lease.

(e) No Defaults. Lessee is not in default, and no event or condition exists which after the giving of notice or lapse of time or both would constitute an event of default, under any of the terms, conditions or provisions of any bond, debenture, note, mortgage, indenture, agreement, or other instrument to which Lessee is a party or which purports to be binding upon Lessee or upon any of its assets which, individually or in the aggregate, would affect Lessee's ability to perform its obligations under this Lease.

(f) Title to Equipment. On each Commencement Date, Lessor shall have good and marketable title to the items of Equipment being subjected to this Lease on such date, free and clear of all Liens.

(g) No Litigation. There is no action, suit, investigation or proceeding by or before any court, arbitrator, administrative agency or other governmental authority pending or threatened against or affecting Lessee (A) which involves the transactions contemplated by this Lease or the Equipment; or (B) which, if adversely determined, could have a material adverse effect on the ability of Lessee to perform its obligations hereunder, except as may be set forth in Lessee's most recent Financial Statement, a copy of which has been delivered to Lessor.

(h) Financial Condition of the Lessee. The Financial Statements of Lessee are complete and correct and fairly present the financial condition of Lessee and the results of its operations as of the respective dates and for the respective periods covered thereby; there are no known contingent liabilities or liabilities for taxes of Lessee which are not reflected in said Financial Statements that could have a material adverse affect on the ability of Lessee to perform its obligations hereunder and during the period since the date of the most recent thereof, there has been no material adverse change in such financial condition or operations.

(i) Public Utility Holding Company. Neither the Lessor or its assignee will, by virtue of this transaction, be or become an "electric utility company" for purposes of the Public Utility Holding Act as presently in effect or become subject to any state public utility statute or regulation.

8. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Equipment except Permitted Liens. Lessee will promptly notify Lessor of any Lien.

9. Insurance. Lessee shall at all times during the Lease Term and until the Equipment has been returned to Lessor as provided under Section 6 hereof, at its own expense, maintain physical damage insurance covering the Equipment in such amount, not less than the Stipulated Loss Value thereof, and with such companies of reputable standing (with a Best's rating of at least A or equivalent or otherwise mutually acceptable to Lessor and Lessee) and with such endorsements and covering such hazards, as are in general usage by companies owning or operating similar property and engaged in a business similar to Lessee's, in order to adequately protect the parties hereto, or in lieu thereof, maintain a program of self-insurance. Lessee shall also maintain with companies of reputable standing (with a Best's rating of at least A or equivalent or otherwise mutually acceptable to Lessor and Lessee) public liability insurance in an amount of not less than \$25,000,000 with deductible levels consistent with industry practice. Lessor and its assignee, if any, will be named "additional insured" and "loss payee" as their respective interests may appear on all such policies. All such policies shall provide that all insurance proceeds shall be payable to the Lessee, Lessor and any such assignee as their respective interests may appear and that they may not be cancelled or coverage thereunder reduced without 30 days prior written notice to Lessor and any such assignee.

On the first Closing Date, Lessee will certify to Lessor that the insurance required under the Lease is effective and within a reasonable time period (not to exceed 30 days) will provide a certificate from Lessee's insurance broker or from the insurer (at Lessee's option) evidencing each policy's existence. At least 10 Business Days before the expiration date of each policy required to be maintained hereby, Lessee will deliver to Lessor a certificate of the officer of Lessee responsible for insurance matters certifying that such policy has been extended or renewed or replaced and, if replaced, specifying particulars as to the replacement policy and insurer(s) and that such policy and insurer meets the requirements hereof. A certificate from Lessee's insurance broker or the insurer (at Lessee's option) with respect to each such extension, renewal or replacement will be provided to Lessor within a reasonable period (not to exceed 60 days) after each expiration date.

10. Taxes.

(a) General Tax Indemnity.

(1) Lessee agrees to pay and indemnify Lessor for, and hold Lessor harmless from and against all taxes, assessments, fees and charges (hereinafter called "Imposts") levied and imposed by any governmental unit (state, local, federal, domestic or foreign) or any agency or instrumentality thereof: (a) with respect to this Lease; (b) upon the Equipment, its value or any interest of Lessor and/or Lessee therein; or (c) upon or on account of any sale to the Lessee, rental, purchase, ownership, possession, use, operation, maintenance, delivery or return of the Equipment.

(2) Such Imposts shall not include any taxes imposed on or measured by the net income or capital of Lessor or taxes which are levied in substitution therefor, such as gross receipts taxes, value added taxes or franchise taxes, but, subject to the foregoing limitation, shall include, the following: sales, use, personal property, ad valorem, leasing, leasing use, stamp or other taxes, levies, impost, duties, charges or withholdings of any nature, together with any penalties, fines or interest thereon, arising out of the transactions contemplated by this Lease and imposed against Lessor, Lessee or the Equipment by any governmental unit (state, local, federal, domestic or foreign); provided, however, that Lessee shall not be liable for any penalties, fines or interest which are attributable solely to acts or omissions of Lessor. The Lessee will be responsible for making timely remittances to the appropriate governmental unit of all Imposts, and file timely with each appropriate governmental unit, all returns, statements and reports legally required with respect thereto. Lessor hereby authorizes Lessee to pay directly to the State of Michigan any sales or use taxes imposed by such State upon the purchase or rental of the Equipment pursuant to Lessee's direct pay agreement No. A38-0478650. If Lessor remits to a governmental unit any Impost required hereunder to be borne by Lessee, the amount of such remittance shall become Additional Rent hereunder, and reimbursement thereof shall be made by Lessee promptly upon Lessor's demand.

(3) Lessee shall remit to any governmental unit any Impost when due, unless (i) remittance thereof may legally be withheld, and (ii) Lessee shall in good faith, with due diligence, and by appropriate judicial or administrative proceedings, be contesting the validity, applicability, or amount thereof; provided that no such contest shall be instituted unless Lessee shall, at least 10 days prior to instituting such contest, give to Lessor written notice of Lessee's intent to contest the Impost and such proceedings do not, in the reasonable opinion of Lessor, adversely affect the title, security interest, property or rights of Lessor hereunder. Lessor shall fully cooperate with Lessee, at Lessee's own cost and expense, in the taking of any action permitted hereunder before any administrative or judicial body to contest, seek

adjustment of, seek exemption from or protest Imposts for which Lessee is responsible hereunder. Lessor will promptly execute all documentation, provide any information and take and/or join in any action reasonably required to permit Lessee to prosecute any permitted contest.

(4) In case any report or return is required to be made with respect to any obligation of the Lessee under this Section, the Lessee will either (a) make and file such report or return on behalf of Lessor and send a copy of such report or return to the Lessor, or (b) in the event the Lessee is not itself permitted to file such return as agent of Lessor, prepare and forward to Lessor such return for the Lessor's signature in a timely manner with appropriate filing instructions. The Lessor agrees to cooperate fully with the Lessee in the preparation of any such report or return. The Lessee agrees to indemnify and hold Lessor harmless from and against any loss, cost, damage or expense arising out of any failure by Lessee to prepare and file any such reports or returns. In the event that during the term of this Lease and any extensions thereof (including any additional periods in which Lessee has possession of the Equipment), there is an assessment of any Impost, then the Lessee's responsibility and liability for such Impost shall continue, notwithstanding the expiration or termination of this Lease, until all such Imposts are paid or reimbursed by Lessee.

(b) Federal Income Tax Benefits.

Lessor and Lessee agree that they will treat this Lease as a "lease" for Federal income tax purposes, pursuant to which Lessor is the owner and lessor of the Equipment, and Lessee is the lessee of the Equipment. Lessee agrees that it will take no action or omit to take any action inconsistent with the foregoing. Lessor expects to be entitled to claim for Federal income tax purposes, cost recovery deductions ("Cost Recovery Deductions") for each item of Equipment using (i) the 200 percent declining balance method, switching to the straight line method in the first year such method will yield a larger allowance, (ii) the applicable recovery period of 7 years, and (iii) the half-year convention, all as set forth in section 168 of the Code. Lessor does not expect to include in its gross income for Federal income tax purposes any amount by reason of any alterations, modifications or additions made by Lessee to the Equipment during the Lease Term.

(c) Lessee's Representations, Warranties and Covenants.

Lessee represents, warrants and covenants that (i) at the time each item of Equipment becomes subject to this Lease, (x) Lessee will not be a "railroad transportation company" within the meaning of Rev. Proc. 87-56, 1987-2 C.B. 674, (y) Lessor's Cost of each item of Equipment will not exceed the fair market value of

such item of Equipment, and (z) no item of Equipment will require any improvements, modifications or additions (other than ancillary items of equipment of a kind that are customarily furnished by purchasers or lessees of property identical to the Equipment) in order for such Equipment to be rendered complete for its intended use by Lessee, (ii) during the Lease Term, Lessee will not at any time use, permit the use of, or fail to use any item of Equipment so as to disqualify it as "7-year property" within the meaning of Section 168 of the Code, and (iii) Lessee agrees to take no action inconsistent with the assumptions recited in paragraph (b) above concerning alterations, modifications or additions to the Equipment, or which would result in the loss, disallowance, recapture, or unavailability to Lessor of the Cost Recovery Deductions.

(d) Indemnity.

(1) If, (a) by reason of any act or omission of Lessee or the inaccuracy or incorrectness of any representation, warranty or covenant of Lessee made in this Section 10 (it being understood that any act which the Lessee is required to take or omit under this Lease shall not be an "act or omission of Lessee" for purposes of this Section 10) (an "Event"), Lessor shall not have, or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to Lessor, all or any portion of the Cost Recovery Deductions for an item of Equipment, or (b) Lessor shall be required to include in its gross income any amount attributable to any alterations, modifications or additions made by Lessee to any item of Equipment prior to the expiration of the Lease Term for such item of Equipment ("Loss"), then Lessee shall pay to Lessor as an indemnity, after written notice to Lessee by Lessor of such Loss, an amount which, after deduction of the net amount of all additional Federal, state and local income taxes required to be paid by Lessor in respect of the receipt of such amount (assuming, for this purpose, that Lessor is subject to the maximum marginal rate of taxation applicable to corporations at such time as such amount becomes due) shall be sufficient to preserve Lessor's Economics, plus the net amount of any actual interest, penalties or additions to tax payable to such Federal, state or local government as a result of such Loss.

(2) At the written request of Lessee, Lessor shall request Lessor's independent public accountants to verify, at Lessee's expense, the amount due from Lessee pursuant to paragraph (d)(1) above. Such verification shall be provided to Lessee within 30 days of Lessee's request to Lessor.

(3) For purposes of this Section 10, a Loss shall occur upon the earlier of (a) the happening of an Event (such as disposition or change in use of any item of Equipment) which causes such Loss, (b) the payment by Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (c) Lessor is advised by its independent tax counsel that there is not a reasonable basis for an opinion contrary to the view that (i) as a

result of an Event, Lessor is not entitled to all or any portion of the Cost Recovery Deductions, or (ii) Lessor is required to include an amount(s) in its gross income prior to the end of the Lease Term as a result of alterations, modifications or additions made by Lessee to the Equipment.

(e) Contest.

In the event a claim shall be made by the Internal Revenue Service with respect to a Loss for which Lessee may be required to indemnify Lessor under this Section 10, Lessor shall promptly notify Lessee in writing of such claim and shall not make payment of the tax claimed for at least thirty (30) days after the giving of such notice. In addition, Lessor shall give to Lessee any relevant information relating to such claim which may be particularly within the knowledge of Lessor. If the indemnity payment due the Lessor pursuant to paragraph (d)(1) above is in excess of \$200,000, and if Lessee desires that Lessor contest such claim, Lessee shall within thirty (30) days after notice by Lessor to Lessee of such claim (i) request that such claim be contested; (ii) furnish to Lessor an opinion of independent tax counsel, selected by Lessor and reasonably satisfactory to Lessee, to the effect that there is a reasonable basis in law and fact for successfully contesting the proposed adjustments; and (iii) agree to pay Lessor on demand all costs and expenses (including reasonable attorneys' and accountants' fees and disbursements) which may be entailed therein. Upon Lessee furnishing such items, Lessor shall consult with Lessee and shall take all reasonable legal or other action requested by Lessee in contesting such claim, provided that Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claims (other than any such administrative procedures which are required in order to prosecute such contest in either of the courts referred to below), and may, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Claims Court, as Lessor may elect, or contest such claim in the Tax Court of the United States. Lessor agrees to consult with and to consider in good faith suggestions made by Lessee concerning the appropriate forum in which to proceed. If Lessee makes a timely written request, Lessor shall appeal any adverse decision of any court of original jurisdiction, provided that Lessee's written request is accompanied by an opinion of independent tax counsel, selected by Lessor and reasonably satisfactory to Lessee, to the effect that, taking into account the relevant facts and law (including the reasoning of the court below), it is more likely than not that the Lessor will prevail in such appeal. Lessor shall not be required to appeal any decision beyond the first appellate level.

(f) Other.

(1) References in this Section 10 to "Lessor" shall be deemed to mean the party entitled to and claiming the Cost Recovery Deductions or including in its income any amount by reason of any alterations, modifications or additions, which may be the Lessor or an assignee of the Lessor.

(2) All of Lessor's and Lessee's rights and privileges arising under this Section 10 shall survive the expiration or other termination of this Lease with respect to all items of Equipment leased hereunder.

(3) Lessee agrees that at no time will Lessee use or locate any item of Equipment outside the United States of America.

11. Compliance with Laws; Operation and Maintenance; Additions.

(a) Lessee will use the Equipment in a careful and proper manner, will comply with and conform to all governmental laws, rules and regulations relating thereto, and with the interchange rules of the Association of American Railroads, if applicable.

(b) Lessee will, at its own expense, keep and maintain the Equipment in good repair, condition and working order and in the same manner as other railcars owned or leased by Lessee, and will furnish or cause to be furnished, all parts, replacements, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency therefor will at all times be maintained and preserved, reasonable wear and tear excepted. All such repairs, parts, mechanisms, devices and replacements shall immediately, without further act, become the property of Lessor and part of the Equipment.

(c) Lessee will not make or authorize any improvement, change, addition or alteration to the Equipment (i) if such improvement, change, addition or alteration will impair the originally intended function or use of the Equipment or impair the value of the Equipment as it existed immediately prior to such improvement, change, addition or alteration; or (ii) if any parts installed in or attached to or otherwise becoming a part of the Equipment as a result of any such improvement, change, addition or alteration shall not be readily removable without damage to the Equipment. Any part which is added to the Equipment without violating the provisions of the immediately preceding sentence and which is not a replacement or substitution for any property which was a part of the Equipment, shall remain the property of Lessee and may be removed by Lessee at any time prior to the expiration or earlier termination of the Lease Term. All such parts shall be and remain free and clear of any Liens. Any such part which is not so removed prior to the expiration or earlier termination of

the Lease Term shall, without further act, become the property of Lessor.

12. Maintenance of Car Numbers; Recording. The Lessee shall affix and maintain on each side of each unit of the Equipment the reporting marks assigned to the Lessee by the Association of American Railroads and the identification numbers set forth in Exhibit A hereto. This Lease or a counterpart or copy thereof may be filed and recorded in any public office as may be necessary or appropriate to protect the interest of the Lessor and its assigns herein or in the Equipment, and the Lessee shall execute any instruments requested by the Lessor or its assigns as may be necessary or appropriate to protect such interests. The Lessee shall not permit the number assigned to any unit of the Equipment to be changed unless and until it shall have prepared and recorded with the Interstate Commerce Commission pursuant to section 11303 of Title 49 of the United States Code (or any successor statute) statements of new numbers or similar instruments adequate to protect the rights of the Lessor hereunder and the rights of any assignee of the Lessor under any instrument of assignment or security agreement.

13. Inspection; Identification. Lessor or its authorized representatives may at any reasonable time or times during Lessee's normal business hours inspect the Equipment and the books and records of Lessee. Lessee shall, at its expense, attach to each unit of Equipment, marked by means of a stencil, in contrasting colors upon each side of such unit in letters not less than one inch in height as follows: "Ownership subject to a Lease filed with the ICC".

14. Personal Property. The Equipment shall be and at all times remain separately identifiable personal property. Lessee shall, at its expense, take such action (including the obtaining and recording of waivers) as may be necessary to prevent any third party from acquiring any right to or interest in the Equipment by virtue of the Equipment being deemed to be real property or a part of real property or a part of other personal property.

15. Loss or Damage.

(a) All risk of loss, theft, damage or destruction to the Equipment or any part thereof, however incurred or occasioned, shall be borne by Lessee and, unless such occurrence constitutes an Event of Loss pursuant to paragraph (b) of this Section, Lessee shall promptly cause the affected part or parts of the Equipment to be replaced or restored to the condition and repair required to be maintained by Section 11 hereof.

(b) If an Event of Loss with respect to any item of Equipment shall occur, Lessee shall promptly give Lessor written notice thereof, and Lessee shall pay to Lessor on such day within thirty days of said Event of Loss as shall be specified in such

notice ("Loss Payment Date") an amount equal to the sum of (i) the Stipulated Loss Value of such item of Equipment computed as of the Rent Payment Date with respect to such item of Equipment on or immediately preceding the date of the occurrence of such Event of Loss; and (ii) all Rent and other amounts due and owing hereunder for such item of Equipment on or prior to the Loss Payment Date (including a pro rata portion of the installment of Basic Rent due on the next Rent Payment Date). Upon payment of such amount to Lessor, the lease of such item of Equipment hereunder shall terminate, and Lessor will transfer to Lessee, Lessor's right, title and interest in and to such item of Equipment, on an "as-is, where-is" basis, without recourse and without representation or warranty, express or implied, other than a representation and warranty that such item of Equipment is free and clear of any Lessor's Liens.

(c) Any payments received at any time by Lessor or Lessee from any insurer with respect to loss or damage to the Equipment shall be applied as follows: (i) if such payments are received prior to Lessee's payment described in Section 15(b) hereof with respect to an Event of Loss such amount thereof as shall discharge Lessee's obligation to pay the amounts due to Lessor under Section 15(b) hereof with respect to such Event of Loss shall be paid to or retained by Lessor and, so long as no Event of Default shall have occurred and be continuing, any excess shall be paid to or retained by Lessee; (ii) if such payments are received after the full payment by Lessee as described in Section 15(b) hereof, then, so long as no Default or Event of Default or Default shall have occurred and be continuing, Lessor shall immediately pay Lessee in full, such insurance payments received, or (iii) if such payments are received with respect to any loss of or damage to the Equipment other than an Event of Loss, such payments shall, unless a Default or Event of Default shall have occurred and be continuing, be paid over to Lessee to reimburse Lessee for its payment of the costs and expenses incurred by Lessee in replacing or restoring pursuant to Section 15(a) hereof the part or parts of the Equipment which suffered such loss or damage.

16. General Indemnity. Lessee assumes liability for, and shall indemnify, protect, save and keep harmless Lessor and its agents, servants, successors and assigns (an "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (other than Imposts of any kind or nature, the indemnification for which is strictly limited to Section 10), including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against any Indemnitee, in any way relating to or arising out of this Lease (other than any expense incurred by Lessor, its counsel or its agent resulting from the bidding for, or the creation of this Lease, it being understood that all such transaction expenses are being recovered by the proper and timely payment of Rent) or the enforcement hereof, or the manufacture, purchase, acceptance, rejection, ownership, possession, use,

selection, delivery, lease, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, any claim in tort for strict liability and any claim for patent, trademark or copyright infringement); provided, however, that Lessee shall not be required to indemnify any Indemnitee for loss or liability arising from acts or events which occur after the Equipment has been returned to Lessor in accordance with this Lease, or for loss or liability resulting solely from the willful misconduct or gross negligence of such Indemnitee. Any payments made by Lessee under this Section 16 shall be made on an after-tax basis. The provisions of this Section 16 shall survive the expiration or earlier termination of this Lease.

17. Events of Default. The following events shall each constitute an event of default (herein called "Event of Default") under this Lease:

(a) Lessee shall fail to make any payment of Rent within 10 days after the same is due and in the case of any Rent other than Basic Rent notice of such failure is given to Lessee; or

(b) Lessee shall fail to maintain any insurance required to be maintained pursuant to Section 9 hereof.

(c) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it with respect to this Lease or the Participation Agreement, dated as of August 30, 1989, between the Lessor, the Lessee, Banc One Equipment Finance, Inc. and UNUM, and such failure shall continue unremedied for 30 days after the date on which notice thereof shall be given by Lessor to Lessee; or

(d) Any representation or warranty made by Lessee herein, or in any certificate herein required and provided by Lessee or Financial Statement published heretofore or hereafter by Lessee, shall prove to have been untrue or misleading in any material respect as of the time when made or furnished; or

(e) A decree or order for relief by a court having jurisdiction in respect of Lessee adjudging Lessee bankrupt or insolvent shall have been entered; or a petition seeking a reorganization, arrangement, adjustment, or composition of or in respect to Lessee in any involuntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, foreign or state bankruptcy, insolvency or other similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, or sequestrator (or other similar official) of Lessee or of any substantial part of property or ordering the winding up or liquidation of affairs, shall have been

filed in a court having jurisdiction and shall remain undismissed or unstayed for a period of 30 days; or

(f) The institution by Lessee of proceedings to be adjudicated a bankrupt or insolvent, or the consent by Lessee to the institution of bankruptcy or insolvency proceedings against it, or the commencement by Lessee of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, foreign or state bankruptcy, insolvency or other similar law, or the consent by Lessee to the relief requested in any such proceeding or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator (or other similar official) of Lessee or of any substantial part of the property or the making by Lessee of any assignment for the benefit of creditors or the admission by Lessee of its inability to pay its debts generally as they become due or its willingness to be adjudicated a bankrupt or the failure of Lessee generally to pay its debts as they become due or the taking of corporate action by Lessee in furtherance of any of the foregoing; or

18. Remedies. If an Event of Default (other than pursuant to Section 17(e) and (f) hereof) shall occur and be continuing Lessor may, at its option, declare this Lease to be in default and if an Event of Default under Section 17(e) or (f) hereof shall occur, this Lease shall, without further notice or demand of any kind, all of which are hereby waived, be in default; and, in any such case, thereafter, Lessor shall not be obligated to purchase or lease any item of Equipment hereunder and Lessor may terminate this Lease and do any one or more of the following with respect to all of the Equipment or any part thereof as Lessor in its sole discretion shall elect, to the extent permitted by applicable law then in effect:

(a) demand that Lessee, and Lessee shall at its expense upon such demand, return the Equipment promptly to Lessor at such place in the continental United States of America as Lessor shall specify, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of the Equipment and remove the same by summary proceedings or otherwise, all without liability for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(b) sell the Equipment at public or private sale, with or without notice, advertisement or publication, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto;

(c) by written notice to Lessee specifying a payment date which shall be not earlier than 20 days after the date of such notice, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, (i) all accrued and unpaid Rent for the Equipment due on all Rent Payment Dates up to and including the payment date specified in such notice, plus (ii) an amount equal to the excess, if any, of the Stipulated Loss Value of the Equipment as of the payment date specified in such notice over the (x) net proceeds of the sale of the Equipment, if the Lessor shall elect to sell the Equipment, (y) net present value (using a discount factor equal to the Prime Rate plus one percent (1%)) of the contractual rents due under a new lease for a period no longer than the remaining Term under this Agreement, after deduction of all costs and expenses incurred by the Lessor in the exercise of its remedies hereunder, if the Lessor shall elect to lease the Equipment, or (z) Fair Market Value of the Equipment as of such date, if the Lessor shall elect to retain the Equipment, plus (iii) interest on such entire amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment;

(d) Lessor may exercise any other right or remedy which 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 or to rescind this Lease.

In addition, Lessee shall be liable for any and all unpaid Rent (including the pro rata portion of any Basic Rent due on the Rent Payment Date next following any action taken pursuant to clauses (b) of (c) above) and other amounts due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all reasonable costs and expenses incurred in connection with the placing of the Equipment in the condition required by Section 11 hereof. If Lessor shall have terminated this Lease, and if any unit of the Equipment shall not be returned to the Lessor within ten days of the receipt by the Lessee of the demand of the Lessor pursuant to clause (a) of the preceding paragraph, the Lessee shall pay to the Lessor an amount equal to the customary daily car hire charges for railroad Equipment of the same age, type, and cost of such unit for each day elapsed until such unit shall be delivered to the possession of the Lessor.

No remedy referred to in this Section 18 is intended to be exclusive but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of an Event of

Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, or lease or otherwise use the Equipment in mitigation of Lessor's damages or losses or which may otherwise limit or modify any of Lessor's rights or remedies under this Lease.

19. Lessor's Right to Perform. If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein within the periods of time herein permitted, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Charge Rate, shall be deemed to be Additional Rent, payable by Lessee on demand.

20. Sublease and Use by Others. So long as no Event of Default exists hereunder, Lessee shall have the right to permit others to use the Equipment and Lessee shall have the right to sublease the Equipment, but in each and every case only pursuant to terms which are subject and subordinate to the rights of Lessor hereunder and within the United States of America and only after such other person or sublessee so agrees in writing, provided, however, that Lessee shall not sublease the Equipment or otherwise permit the Equipment to be used by others for a term that exceeds three consecutive years without the prior written consent of Lessor, such consent not to be unreasonably withheld, or which extends beyond the Lease Term for such Equipment then in effect and provided further that Lessee shall notify Lessor as promptly as practicable of any such sublease with a term of more than six months.

21. Assignments. Except as described in Section 20, Lessee shall not assign or transfer its leasehold interest under the Lease in the Equipment without the prior written consent of Lessor (such consent not to be unreasonably withheld). Lessee acknowledges and understands that the terms and conditions of this Lease have been agreed to by Lessor in anticipation of its being able to assign its interest under this Lease and in and to the Equipment leased hereunder to a bank or other lending institution or to others having an interest in the Equipment or this transaction, all or some of which will rely upon and be entitled to the benefit of the provisions of this Section 21. Lessee agrees with Lessor and with such bank or other lending institution or such other party (for whose benefit this covenant is expressly made) and in consideration of the provisions hereof, as follows: (i) to recognize any such assignment, (ii) to accept the directions or demands of such assignee in place of those of Lessor, (iii) to surrender the Equipment only to such assignee, if required herein, (iv) to pay all Rent payable hereunder and to do any and all

things required of Lessee hereunder and not to terminate this Lease, except as expressly permitted herein, notwithstanding any Default by Lessor or the existence of any offset as between Lessor and Lessee or the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee whether or not arising hereunder, and (v) not to require any assignee of this Lease to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Lease (other than to observe Section 25 hereof), all rights of Lessee in any such connection being hereby waived as to any and all of such assignees; provided, however, that nothing contained in this Section 21 shall relieve Lessor from its obligations to Lessee hereunder or affect Lessee's rights hereunder.

Nothing in this Section 21 shall prevent the Lessor from selling the Equipment, subject to the rights of the Lessee hereunder, and assigning its interest in this Lease to any such purchaser of the Equipment, without the prior consent of the Lessee.

22. Further Assurances; Financial Information.

(a) Lessee and Lessor will cooperate in order to more effectively carry out the intent and purpose of this Lease, including without limitation Section 21 hereof, and to establish and protect the rights, interests and remedies created or intended to be created in favor of the parties hereto, including, without limitation, the filing of this Lease with the Interstate Commerce Commission and Uniform Commercial Code financing statements in the jurisdictions in which the Equipment is located from time to time.

(b) To the extent required by law, Lessee will qualify to do business, and remain qualified in good standing, in each jurisdiction in which the Equipment is from time to time located.

(c) Lessee will furnish to Lessor its Financial Statements, during the Primary Term, or any Renewal Term, as soon as available.

(d) Lessee shall provide Lessor with such additional information concerning, and shall make available its officers and other employees to meet with representatives of Lessor to discuss, such matters reasonably related to the Equipment, this Lease and the transactions contemplated thereby and the financial condition of Lessee as Lessor shall reasonably request.

23. Notices. All notices, demands and other communications hereunder shall be in writing, and shall be deemed to have been given or made when deposited in the United States mail, first class postage prepaid, or sent by overnight mail, addressed as follows or to such other address as any of the following persons may from time to time designate in writing to the other persons listed below:

Lessor: Mellon Financial Services - Leasing Group
1111 One Mellon Bank Center
Pittsburgh, Pennsylvania 19258

Attention: President

Lessee: The Detroit Edison Company
2000 Second Avenue
Detroit, Michigan 48226

Attention: Secretary

with a copy to:

The Detroit Edison Company
2000 Second Avenue
Detroit, Michigan 48226

Attention: Treasurer

24. Conditions Precedent:

(a) Lessor shall not be obligated to fund the purchase price of, purchase or lease hereunder Equipment the purchase price of which is to be funded on the first Closing Date unless:

(i) Lessor shall have received a copy of resolutions of the Board of Directors of Lessee certified by the Secretary or an Assistant Secretary of Lessee as of such first Closing Date, authorizing the execution, delivery and performance by Lessee of this Lease, the Acceptance Certificates and any other documents related hereto or delivered pursuant to this Lease;

(ii) Lessor shall have received a copy of the Charter and By-laws of Lessee certified by the Secretary or an Assistant Secretary of Lessee as of a recent date;

(iii) Lessor shall have received an incumbency and signature certificate of Lessee dated such first Closing Date and in form and substance satisfactory to Lessor, setting forth the names and signatures of each officer of Lessee authorized to sign this Lease, the Acceptance Certificates and all other instruments and documents relating thereto, which certificate may be relied on by Lessor until it receives written notice to the contrary;

(iv) Lessor shall have received an opinion of counsel for Lessee, dated such first Closing Date and in form and substance satisfactory to Lessor;

(v) Lessor shall have received a certificate of Lessee, dated such first Closing Date, meeting the requirements of the second paragraph of Section 9 hereof.

(b) Lessor shall not be obligated to fund the purchase price of, purchase or lease any items of Equipment hereunder the purchase price of which is to be funded on a Closing Date unless:

(i) Lessor shall have received good and marketable title to such Equipment, free and clear of Liens, as evidenced by a Bill of Sale from the Manufacturer covering such items;

(ii) Lessor shall have received an invoice that properly calculates the amount of Lessor's Cost of such items of Equipment;

(iii) Lessor shall have received an Acceptance Certificate covering such items duly executed by Lessee;

(iv) All representations and warranties of Lessee contained herein shall be true and correct on and as of such Closing Date with the same force and effect as if made on and as of such date; no Event of Default or Default shall be in existence on such date or shall occur as a result of the lease by Lessee of the Equipment the purchase price of which is to be funded on such Closing Date; and the execution and delivery by Lessee to Lessor of a request for funding on such Closing Date shall constitute a representation by Lessee to Lessor to both such effects; and

(v) No Change in Tax Law, which in the sole judgment of Lessor would adversely affect Lessor's Economics, shall have occurred or shall appear, in Lessor's good faith judgment, to be imminent.

(c) Lessor shall have the right to terminate its obligations to lease equipment hereunder pursuant to any remaining portion of its \$7,500,000 commitment if (i) in the sole judgment of Lessor, there shall have occurred a material adverse change in the financial condition, business or operations of Lessee or (ii) Lessor and Lessee are unable to agree on mutually satisfactory amounts of Basic Rent for any item of Equipment.

25. Quiet Enjoyment. Lessor hereby agrees that so long as no Default or Event of Default shall have occurred and be continuing, neither Lessor nor any party claiming through or under Lessor, will disturb Lessee's quiet and peaceful possession of the Equipment and its unrestricted use thereof for its intended purpose under the terms of this Lease. Lessor recognizes and agrees that, notwithstanding any other provisions hereof including, without limitation, Sections 4(e) and 21 hereof, in the event Lessor breaches its obligations under this Section 25, Lessee shall have a cause of action against Lessor for damages and shall be entitled to be granted the equitable remedy of specific performance.

26. Miscellaneous.

(a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be 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. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(b) No terms or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No delay or failure on the part of either party to exercise any power or right hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. After the occurrence of any Default or Event of Default, the acceptance by Lessor of any payment of Rent or other sum owed by Lessee pursuant hereto shall not constitute a waiver by Lessor of such Default or Event of Default, regardless of Lessor's knowledge or lack of knowledge thereof at the time of acceptance of any such payment, and shall not constitute a reinstatement of this Lease if this Lease shall have been declared or be in default pursuant to Section 18 hereof or otherwise, unless Lessor shall have agreed in writing to reinstate the Lease and to waive the Default or Event of Default.

(c) This Lease contains the full, final and exclusive statement of the agreement between Lessor and Lessee relating to the lease of the Equipment.

(d) This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Equipment except as lessee only.

(e) This Lease and the covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Lessor and its successors and assigns and Lessee and, to the extent permitted by Section 20 and 21 hereof, its successors and assigns.

(f) The headings of the Sections are for convenience of reference only, are not a part of this Lease and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

(g) This Lease may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. No security interest in this Lease may be created through the transfer or possession of any counterpart other than the counterpart marked "Original".

(h) THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed as of the day and year first above written.

MELLON FINANCIAL SERVICES
CORPORATION #3

By: _____

Vice President

THE DETROIT EDISON COMPANY

By: _____

Vice Chairman of the Board

Schedule 1

<u>Loss Payment Date Occurring After this Date and On or Before the Next Date; Termination Occurring on this Date</u>	<u>Stipulated Loss Value Percentage of Lessor's Cost</u>	<u>Termination Value Percentage of Lessor's Cost</u>
30 JUL 1989	106.058950	
30 JAN 1990	112.122086	
30 JUL 1990	108.602691	
30 JAN 1991	114.162251	
30 JUL 1991	110.184115	
30 JAN 1992	115.348545	
30 JUL 1992	111.031769	
30 JAN 1993	115.905291	
30 JUL 1993	111.337721	
30 JAN 1994	115.994303	
30 JUL 1994	111.224864	
30 JAN 1995	115.673866	
30 JUL 1995	110.689524	
30 JAN 1996	114.916046	
30 JUL 1996	109.724729	109.724729
30 JAN 1997	113.788043	113.788043
30 JUL 1997	106.356469	106.356469
30 JAN 1998	110.259458	110.259458
30 JUL 1998	102.703996	102.703996
30 JAN 1999	106.481566	106.481566
30 JUL 1999	98.796510	98.796510
30 JAN 2000	102.440181	102.440181
30 JUL 2000	94.616785	94.616785
30 JAN 2001	98.117536	98.117536
30 JUL 2001	90.146496	90.146496
30 JAN 2002	93.494730	93.494730
30 JUL 2002	85.366150	85.366150
30 JAN 2003	88.551667	88.551667
30 JUL 2003	80.255030	80.255030
30 JAN 2004	83.266987	83.266987
30 JUL 2004	74.791118	74.791118
30 JAN 2005	77.617997	77.617997
30 JUL 2005	68.951028	68.951028
30 JAN 2006	71.580599	71.580599
30 JUL 2006	62.709929	62.709929
30 JAN 2007	65.129213	65.129213
30 JUL 2007	56.041472	56.041472
30 JAN 2008	58.236700	58.236700
30 JUL 2008	48.917708	48.917708
30 JAN 2009	50.874280	50.874280
30 JUL 2009		

FORM OF RENTAL SUPPLEMENT

ASSUMPTIONS**:

Assumed Lease Term Commencement Date:	May 15, 1989
Assumed Closing Date:	June 15, 1989
Assumed Primary Term Commencement Date	July 31, 1989
Assumed Interim Rent	0.00%

PRIMARY TERM BASIC RENT***

<u>Rent Payment</u> <u>Date</u>	<u>Rental</u> <u>Factor***</u>	<u>Basic Rent</u> <u>Payable</u>	<u>Rent Payment</u> <u>Date</u>	<u>Rental</u> <u>Factor***</u>	<u>Basic Rent</u> <u>Payable</u>
1/31/90	0.0000%		1/31/00	0.0000%	
7/31/90	9.5125%		7/31/00	11.6259%	
1/31/91	0.0000%		1/31/01	0.0000%	
7/31/91	9.5125%		7/31/01	11.6259%	
1/31/92	0.0000%		1/31/02	0.0000%	
7/31/92	9.5125%		7/31/02	11.6259%	
1/31/93	0.0000%		1/31/03	0.0000%	
7/31/93	9.5125%		7/31/03	11.6259%	
1/31/94	0.0000%		1/31/04	0.0000%	
7/31/94	9.5125%		7/31/04	11.6259%	
1/31/95	0.0000%		1/31/05	0.0000%	
7/31/95	9.5125%		7/31/05	11.6259%	
1/31/96	0.0000%		1/31/06	0.0000%	
7/31/96	9.5125%		7/31/06	11.6259%	
1/31/97	0.0000%		1/31/07	0.0000%	
7/31/97	11.6259%		7/31/07	11.6259%	
1/31/98	0.0000%		1/31/08	0.0000%	
7/31/98	11.6259%		7/31/08	11.6259%	
1/31/99	0.0000%		1/31/09	0.0000%	
7/31/99	11.6259%		7/31/09	11.6259%	

* This Schedule shall be converted into a Final Rental Supplement by the deletion of the assumptions and footnotes and the addition of signatures.

** Actual Dates and Amounts to replace assumptions.

*** Expressed as a percentage of Lessor's Cost of Equipment and designed to maintain (i) Lessor's Net Economic Return (defined as Lessor's aggregate after-tax cash flow and its nominal after-tax return on investment using the multiple investment yield method with a 3.5% sinking fund, under the assumptions set forth above and (ii) the Leverage Ratio.

EXHIBIT A TO LEASE

<u>Builder</u>	<u>Type</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
Thrall Car Manufacturing Company	108 Ton, 4,320 cu. ft. Aluminum bodied-steel underframed, rotary dump, gondola rail cars	Chicago Heights, Illinois	148	DEEX 8777-8924	\$47,000.00	\$6,956,000.00	April-June 1989, at Builder's Plant.

Certificate of Acceptance

To: MELLON FINANCIAL SERVICES CORPORATION #3
THRALL CAR MANUFACTURING COMPANY

I, the duly authorized representative for MELLON FINANCIAL SERVICES CORPORATION #3 and THE DETROIT EDISON COMPANY (the "Lessee") under the Detroit Edison Purchase Order #ER-197455 as assigned under Change Order #1 and the Master Lease Agreement, dated as of April 3, 1989, respectively, do hereby certify that I inspected or have caused to be inspected and have accepted delivery thereunder of the following Units of Equipment:

TYPE OF EQUIPMENT:
DATED ACCEPTED:
NUMBER OF UNITS
NUMBERED:

I do hereby certify that the foregoing Units are in good order and condition, and appear to conform to the specifications, requirements and standards applicable thereto as provided in Purchase Order. I do further certify that each of the foregoing Units has been marked by means of a stencil printed in contrasting colors upon each side of each such Unit in letters not less than one inch in height as follows:

"Ownership subject to a Lease filed with the Interstate Commerce Commission."

This Certificate is an Acceptance Certificate defined in and delivered pursuant to the Lease, pursuant to which Lessee is authorized by Mellon Financial Services Corporation #3 ("Lessor") to accept delivery of Equipment on Lessor's behalf.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Builder named below for any warranties it has made with respect to the Equipment.

BUILDER:
Thrall Car Manufacturing Company

Authorized Representative of
Lessor, and Lessee

2. Schedule 2 to the Master Lease Agreement is replaced by the Final Rental Supplement in the form attached hereto as Annex I.

3. Schedule 1 to the Master Lease Agreement is replaced by Schedule 1 in the form attached hereto as Annex II.

4. The parties hereto confirm that this Amendment constitutes the only amendment to the Master Lease Agreement entered into by the parties on or before the date hereof and that the Master Lease Agreement, as amended and restated pursuant to paragraph 1 hereof and as further modified by paragraphs 2 and 3 hereof, is and remains in full force and effect on and as of the date hereof. Neither this Amendment nor the Master Lease Agreement may be amended or modified in any way whatsoever without a writing signed by the parties hereto or thereto.

5. This Amendment may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

6. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and shall be governed by the laws of the Commonwealth of Pennsylvania.

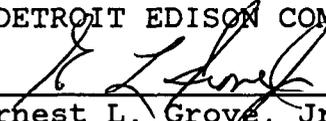
IN WITNESS WHEREOF, Mellon Financial Services Corporation #3 and The Detroit Edison Company have caused this Amendment and Restatement to be executed and delivered by their duly authorized officers as of the day and year first above written.

MELLON FINANCIAL SERVICES
CORPORATION #3, Lessor

By: 

Charles S. Wells
Vice President

THE DETROIT EDISON COMPANY, Lessee

By: 

Ernest L. Grove, Jr.
Vice Chairman of the Board

FINAL RENTAL SUPPLEMENT

Actual Lease Term Commencement Date: April 28, 1989 (Nine Units)
 May 3, 1989 (Seven Units)
 May 5, 1989 (Nine Units)
 May 10, 1989 (Ten Units)
 May 12, 1989 (Ten Units)
 May 19, 1989 (Twenty Units)
 May 25, 1989 (Twenty Units)
 May 31, 1989 (Seven Units)
 June 6, 1989 (Thirteen Units)
 June 14, 1989 (Twenty Units)
 June 22, 1989 (Twenty-Three Units)

Actual Closing Dates: May 15, 1989 (\$423,000)
 June 15, 1989 (\$3,901,000)
 July 17, 1989 (\$2,632,000)

Actual Primary Term Commencement Date: July 30, 1989

Actual Lessor's Cost \$6,956,000

Actual Interim Rent 0.00%

PRIMARY TERM BASIC RENT

<u>Rent Payment Date</u>	<u>Rental Factor***</u>	<u>Basic Rent Payable</u>	<u>Rent Payment Date</u>	<u>Rental Factor***</u>	<u>Basic Rent Payable</u>
1/30/90	3.17323455%	\$220730.20	7/30/99	8.20224516%	\$570548.17
7/30/90	5.87268772	408504.16	1/30/00	2.66983891	185713.99
1/30/91	3.70784159	257917.46	7/30/00	8.38628831	583350.21
7/30/91	5.33808068	371316.89	1/30/01	2.49391286	173476.58
1/30/92	3.62885651	252423.26	7/30/01	8.56221436	595587.63
7/30/92	5.41706576	376811.09	1/30/02	2.30455771	160305.03
1/30/93	3.54221777	246396.67	7/30/02	8.75156951	608759.17
7/30/93	5.50370450	382837.68	1/30/03	1.99219999	138577.43
1/30/94	3.44718374	239786.10	7/30/03	9.06392723	630486.78

*** Expressed as a percentage of Lessor's Cost of Equipment.

<u>Rent Payment Date</u>	<u>Rental Factor***</u>	<u>Basic Rent Payable</u>	<u>Rent Payment Date</u>	<u>Rental Factor***</u>	<u>Basic Rent Payable</u>
7/30/94	5.59873853%	\$389448.25	1/30/04	1.64957481%	\$114744.42
1/30/95	3.34294091	232534.97	7/30/04	9.40655241	654319.79
7/30/95	5.70298136	396699.38	1/30/05	1.27374924	88602.00
1/30/96	3.22859695	224581.20	7/30/05	9.78237798	680462.21
7/30/96	5.81732532	404653.15	1/30/06	0.86150618	59926.37
1/30/97	3.10317306	215856.72	7/30/06	10.19462104	709137.84
7/30/97	5.94274921	413377.63	1/30/07	0.40931676	28472.07
1/30/98	2.96559560	206286.83	7/30/07	10.64681046	740592.14
7/30/98	6.08032667	422947.52	1/30/08	0.00000000	0.00
1/30/99	2.85388206	198516.04	7/30/08	11.05612722	769064.21
			1/30/09	0.00000000	0.00
			7/30/09	10.13478329	704975.53

*** Expressed as a percentage of Lessor's Cost of Equipment.

Final Stipulated Loss Value and Termination Value Schedule

<u>Loss Payment Date Occurring After this Date and On or Before the Next Date; Termination Occurring on this Date</u>	<u>Stipulated Loss Value Percentage of Lessor's Cost</u>	<u>Termination Value Percentage of Lessor's Cost</u>
30 JUL 1989	105.40462834	
30 JAN 1990	107.13086516	
30 JUL 1990	106.80024901	
30 JAN 1991	107.79247057	
30 JUL 1991	107.55297906	
30 JAN 1992	108.03991474	
30 JUL 1992	107.39055718	
30 JAN 1993	107.53017966	
30 JUL 1993	106.53698275	
30 JAN 1994	106.44821463	
30 JUL 1994	105.15547841	
30 JAN 1995	104.85960677	
30 JUL 1995	103.23777872	
30 JAN 1996	102.72820380	
30 JUL 1996	100.74367321	100.74367321
30 JAN 1997	100.15176612	100.15176612
30 JUL 1997	97.88210904	97.88210904
30 JAN 1998	97.33053553	97.33053553
30 JUL 1998	94.83223017	94.83223017
30 JAN 1999	94.30618123	94.30618123
30 JUL 1999	89.58369731	89.58369731
30 JAN 2000	89.09652261	89.09652261
30 JUL 2000	84.00893650	84.00893650
30 JAN 2001	83.55206076	83.55206076
30 JUL 2001	78.08627633	78.08627633
30 JAN 2002	77.67184090	77.67184090
30 JUL 2002	71.80369095	71.80369095
30 JAN 2003	71.63162374	71.63162374
30 JUL 2003	65.29454047	65.29454047
30 JAN 2004	65.37269619	65.37269619
30 JUL 2004	58.29066240	58.29066240
30 JAN 2005	58.65905174	58.65905174
30 JUL 2005	51.30549414	51.30549414
30 JAN 2006	52.00951514	52.00951514
30 JUL 2006	44.10733950	44.10733950
30 JAN 2007	45.19844464	45.19844464
30 JUL 2007	36.72018213	36.72018213
30 JAN 2008	38.10258003	38.10258003
30 JUL 2008	29.05330034	29.05330034
30 JAN 2009	30.00107904	30.00107904
30 JUL 2009	21.44193653	21.44193653

State of Michigan)
County of Wayne) ss:
)

On this 30th day of August, 1989, before me personally appeared, Ernest L. Grove, Jr., to me personally known, who being by me duly sworn, says that he is the Vice Chairman of the Board of The Detroit Edison Company, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Janet A. Scullen
Signature of Notary Public
Acting in Wayne County
My Commission expires: _____

JANET A. SCULLEN
Notary Public, Macomb County, MI
My Commission Expires Mar. 30, 1993

Commonwealth of Pennsylvania)
County of Allegheny) ss:
)

On this 29th day of August, 1989, before me personally appeared, Charles S. Wells, to me personally known, who being by me duly sworn, says that he is a Vice President of Mellon Financial Services Corporation #3, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

NOTARIAL SEAL
JACQUELINE K. SCHULTZ, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES FEB. 3, 1992

Member, Pennsylvania Association of Notaries

Jacqueline K. Schultz
Signature of Notary Public

My Commission expires: February 3, 1992