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WASHINGTON, DC 20004  
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WRITER'S DIRECT DIAL NUMBER  
202/637-6536

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RECORDATION NO. \_\_\_\_\_ PAGE 1234  
DEC 30 1988 - 10 51 AM  
INTERSTATE COMMERCE COMMISSION

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RECORDATION NO. \_\_\_\_\_ PAGE 1234  
DEC 30 1988 - 10 53 AM  
INTERSTATE COMMERCE COMMISSION

Office of the Secretary  
Recordations Unit  
Room 2303  
Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423

ATTENTION: Ms. Mildred Lee

Dear Ms. Lee:

Enclosed are an original and one certified true copy of each of the documents described below, to be recorded pursuant to 49 U.S.C. § 11303. These documents are (1) four equipment lease agreements, dated December 15, 1988; (2) four lease supplements No. 1 dated December 30, 1988; (3) four security agreement-trust deeds, dated December 15, 1988 and (4) four security agreement-trust deed supplements No. 1 dated December 30, 1988.

The names and addresses of the parties of Pullman Leasing Trusts Nos. 88-1 through 88-4 are as follows:

(1) The parties to the Equipment Lease Agreement are:

Wilmington Trust Company,  
as lessor  
Rodney Square North  
Wilmington, Delaware 19890  
and

Pullman Leasing Company, as lessee  
200 South Michigan Avenue  
Chicago, Illinois 60604

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INTERSTATE COMMERCE COMMISSION

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RECORDATION NO. \_\_\_\_\_ PAGE 1234

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INTERSTATE COMMERCE COMMISSION

6701 ROCKLEDGE DRIVE  
BETHESDA, MARYLAND 20817  
301/493-0030

111 SOUTH CALVERT STREET  
BALTIMORE, MARYLAND 21202  
301/658-2700

8300 GREENSBORO DRIVE  
MCLEAN, VIRGINIA 22102  
703/848-2600

December 30, 1988

No. 8-3654014  
Date DEC 30 1988  
Fee \$ 208.00  
ICC Washington, D.C.

DEC 30 1988

- (2) The parties to the Lease Supplement No. 1 are:

Wilmington Trust Company,  
as owner-trustee  
Rodney Square North  
Wilmington, Delaware 19890  
and

Pullman Leasing Company, as lessee  
200 South Michigan Avenue  
Chicago, Illinois 60604

- (3) The parties to the Security Agreement-Trust Deed are:

Wilmington Trust Company,  
as owner-trustee  
Rodney Square North  
Wilmington, Delaware 19890  
and

The Connecticut Bank and Trust Company,  
National Association, as security trustee  
One Constitution Plaza  
Hartford, Connecticut 06115

- (4) The parties to the Security Agreement-Trust Deed Supplement No. 1 are:

Wilmington Trust Company,  
as owner-trustee  
Rodney Square North  
Wilmington, Delaware 19890  
and

The Connecticut Bank and Trust Company,  
National Association, as security trustee  
One Constitution Plaza  
Hartford, Connecticut 06115

Office of the Secretary  
December 30, 1988  
Page 3

A description of the equipment covered by these documents follows:

88-1: 400 100-ton 5,850 cfc Covered Hopper Cars  
250 100-ton 3,000 cfc Covered Hopper Cars  
150 23,500-gallon Coiled and Insulated Tank Cars  
50 30,000-gallon Non-Coiled and Non-Insulated  
Tank Cars  
50 20,000-gallon Coiled and Insulated Tank Cars

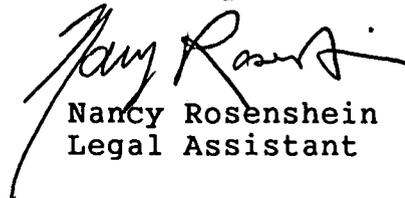
88-2: 941 100-ton 4,570 cfc Covered Hopper Cars

88-3: 793 100-ton 4,570 cfc Covered Hopper Cars

88-4: 794 100-ton 4,570 cfc Covered Hopper Cars  
123 20,800-gallon Coiled and Insulated Tank Cars

A filing fee of \$13.00 per document is enclosed.  
Please return the original and any extra copies not needed by  
the Commission for recordation to the undersigned.

Sincerely,



Nancy Rosenshein  
Legal Assistant

Enclosures

cc: Patrick M. Raher  
Peter F. Rousselot

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RECORDATION NO. \_\_\_\_\_ FILE NO. \_\_\_\_\_

DEC 21 1988 10:25 AM

**INTERSTATE COMMERCE COMMISSION**

EQUIPMENT LEASE AGREEMENT

Dated as of December 15, 1988

Between

WILMINGTON TRUST COMPANY  
As Trustee under Pullman Leasing Trust No. 88-1

LESSOR

And

PULLMAN LEASING COMPANY

LESSEE

(Pullman Leasing Trust No. 88-1)

- 400 100-ton 5850 cfc Covered Hopper Cars
- 250 100-ton 3000 cfc Covered Hopper Cars
- 150 23,500-gallon Coiled and Insulated Tank Cars
- 50 30,000-gallon Non-coiled and Non-Insulated Tank Cars
- 50 20,000-gallon Coiled and Insulated Tank Cars

This Equipment Lease Agreement and the rentals and other sums due and to become due hereunder have been assigned to and are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association as Security Trustee under a Security Agreement-Trust Deed dated as of December 15, 1988 between said Security Trustee and the Owner-Trustee hereunder, as Debtor. Information concerning such security interest may be obtained from the Security Trustee at its address set forth in Section 21.1 of this Equipment Lease Agreement.

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Schedule A -	Description of Items of Equipment
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Schedules C-1 through C-5 -	Schedules of Casualty Values for Items of Equipment
Schedules D-1 through D-5 -	Schedules of Termination Values for Items of Equipment
Schedule E -	Pricing Assumptions
Exhibit A -	Lease Supplement
Annex 1 -	Definitions

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT dated as of December 15, 1988 is between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not individually but solely in its capacity as trustee (the "Owner-Trustee") under Pullman Leasing Trust No. 88-1, and PULLMAN LEASING COMPANY, a Delaware corporation (the "Lessee").

R E C I T A L S:

A. The Lessee has purchased the Items of Equipment from the applicable Manufacturer pursuant to the Purchase Agreements. The Lessee has agreed to sell the Items of Equipment to the Owner-Trustee and to lease such Items of Equipment back from the Owner-Trustee pursuant to this Lease.

B. The capitalized terms used in this Lease shall have the respective meanings indicated in Annex I hereto unless elsewhere defined herein. Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

C. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Lease, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Lease.

SECTION 1. PURCHASE OF EQUIPMENT AND ACCEPTANCE UNDER LEASE.

1.1. Purchase and Lease of Equipment. The Owner-Trustee hereby agrees (subject to the satisfaction of the conditions set forth herein and in the Participation Agreement) to purchase the Equipment from the Lessee under the Bill of Sale and simultaneously lease the Equipment to the Lessee hereunder, and the Lessee hereby agrees to sell to the Owner-Trustee pursuant to the Bill of Sale and to lease the Equipment from the Owner-Trustee hereunder, as evidenced by the execution by the Owner-Trustee and the Lessee of the Lease Supplement. The Lessee shall be deemed for all purposes to have accepted the Equipment upon the delivery by the Lessee of the Bill of Sale to the Owner-Trustee. Lessee agrees that such delivery of the Bill of Sale by the Lessee shall, without further act, irrevocably constitute acceptance

by the Lessee of the Equipment for all purposes of this Agreement.

1.2. Lease Supplement. On the Equipment Closing Date, simultaneously with the delivery of the Bill of Sale, the Lessee agrees that it will enter into a Lease Supplement with the Owner-Trustee substantially in the form attached as Exhibit A, which Lease Supplement shall describe the Items of Equipment, set forth the Equipment Cost thereof, and shall state that the Equipment is free and clear of all liens or encumbrances, and that the Lessee has unconditionally accepted the same for purposes of this Lease. The Lessee's execution and delivery of a Lease Supplement pursuant to this Section 1.2 shall conclusively establish that each Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture or condition or in any other respect, and shall conclusively establish as between the Owner-Trustee and the Lessee that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to railroad equipment of the character of such Item of Equipment as of the date of delivery and acceptance by the Lessee hereunder. By execution and delivery of such Lease Supplement, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Owner-Trustee the following rent for each Item of Equipment:

(a) Interim Rent. Rent ("Interim Rent") shall be payable for the Interim Term in one installment payable on January 15, 1989 (the "Base Term Commencement Date") in the amount set forth on Schedules B-1 through B-5 hereto.

(b) Fixed Rent. Rent (the "Fixed Rent") shall be payable for the Base Term in forty (40) consecutive semi-annual installments, payable in arrears on July 15, 1989 and on each Rent Payment Date thereafter in the amounts set forth on Schedules B-1 through B-5 hereto.

(c) Additional Rent. In addition to the foregoing rental, the Lessee agrees to pay to the Owner-Trustee, or to whomsoever shall be entitled thereto, any and all Additional Rent, promptly as the same shall become due and owing, and in the event of any failure on the part of the Lessee to pay any Additional Rent, the Owner-Trustee shall

have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Fixed Rent.

2.2. Business Days. If any of the Rent Payment Dates is not a Business Day, the rent payment otherwise payable on such date shall be payable on the immediately preceding Business Day.

2.3. Adjustment of Rentals. The Lessee and the Owner-Trustee agree that the Fixed Rent payable hereunder and the Casualty Value and Termination Value percentages set forth in Schedules C-1 through C-5 and D-1 through D-5 hereto have been calculated on the assumptions (the "Pricing Assumptions") set forth in Schedule E hereto. If any of the Pricing Assumptions shall prove to be incorrect, then the Lessee and the Owner-Trustee agree that the percentages for Fixed Rent, Casualty Value and Termination Value will be adjusted prior to the first Rental Payment Date which follows by more than thirty (30) days the event giving rise to such adjustment. Any such adjustment shall be made in such manner as will result, in the Trustor's reasonable judgment, in maintaining for the Trustor the same aggregate after-tax cash flow and either at the discretion of the Trustor (i) net after-tax yield under the multiple investment sinking fund method of analysis or (ii) net after-tax return on equity that would have been realized by the Trustor over the entire term of this Lease had such event not occurred and the Pricing Assumptions proved correct (with respect to the calculation of yield, assuming a zero sinking fund) (the "Net Economic Return").

Anything in this Section 2.3 or elsewhere in the Operative Agreements to the contrary notwithstanding, the amounts payable as installments of Interim Rent, Fixed Rent, Termination Value and Casualty Value hereunder, with respect to any Item of Equipment (i) shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each Rent Payment Date, Casualty Value payment date, or Termination Value payment date under this Lease, (ii) shall not be reduced below an amount which would cause the Trustor to lose the ability to account for this Lease and its investment in the Equipment using leveraged lease accounting, in accordance with Financial Accounting Standards Board Statement No. 13, and (iii) any adjustments required by this Section 2.3 shall be made in a manner (subject to the restrictions of the preceding clauses) consistent with the Guidelines and any other published or announced position of the Internal Revenue Service concerning true leases. The Trustor shall furnish the Owner-Trustee, the Lessee, the Noteholders and the Security Trustee with revised Schedules B-1 through B-5, C-1 through C-5 and D-1 through D-5 hereto setting forth any

adjustments required by the first paragraph of this Section 2.3 at least ten (10) days prior to such revised schedules becoming effective. If Lessee requests, at Lessee's expense, such adjusted schedules shall be verified by an independent accounting firm mutually agreeable to Trustor and Lessee.

2.4. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installments of Interim Rent and Fixed Rent, the entire amount of any payments of Casualty Value, Termination Value or other payment pursuant to Section 11, any payment of the purchase price of the Equipment pursuant to Section 18, and any payment pursuant to Section 14, shall be paid to the Owner-Trustee by wire transfer to the principal office of the Owner-Trustee at the address thereof provided for payments in Section 21.1 hereof; provided that until the Lessee shall have received notice from the Security Trustee that all Secured Indebtedness has been fully paid and satisfied, the Lessee shall make such payment by wire transfer to the office of the Security Trustee designated in Section 21.1 hereof or as otherwise designated from time to time in writing by the Security Trustee;

(b) The amount of any payment owing to the Owner-Trustee or the Trustor pursuant to Sections 6 and 11.1 (but in the case of Section 11.1, only with respect to public liability insurance), shall be made directly to the party to receive the same by wire transfer as specified in the Operative Agreements or as instructed in writing by such party without regard to the assignment of this Lease pursuant to Section 16 hereof;

(c) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof and any amounts advanced pursuant to Section 21.2 and any interest thereon shall be paid to the party and in the manner herein provided to receive said rental or other amount by wire transfer as specified in the Operative Agreements or as instructed in writing by such party; and

(d) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same.

The Lessee agrees that it will make payments due hereunder by wire transfer, at the opening of business of the office of the transferring bank on the due date of such payment of federal or otherwise immediately available funds to the party to whom such payment is to be made.

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rent, Additional Rent and Fixed Rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Owner-Trustee under this Lease or otherwise or against any assignee of the Owner-Trustee pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of the Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment other than by the Owner-Trustee's material breach of the Lessee's right of quiet enjoyment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Owner-Trustee to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 or 15 hereof, the Equipment has been returned to the possession of the Owner-Trustee (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Owner-Trustee's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The interim term of this Lease (the "Interim Term") as to each Item of Equipment shall commence on the Equipment Closing Date and shall terminate upon the commencement of the Base Term. The base term of this Lease (the "Base Term") as to each Item of Equipment shall begin on the Base Term Commencement Date and shall terminate on January 15, 2009, subject to earlier termination pursuant to Sections 11 and 15. Subject and pursuant to the terms of Section 18 hereof, the Lessee may elect one Renewal Term.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Owner-Trustee, as between the Owner-Trustee and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with one of its road numbers as set forth in Schedule A hereto. As soon as practicable but in any event not later than December 31, 1990, the Lessee will cause each Item of Equipment to be numbered with its new road number shown on Schedule A, and will from and after such date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company, as  
Trustee, and Subject to a Security Interest  
recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Owner-Trustee to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. Except as provided hereinabove, the Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Owner-Trustee and the Trustor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition against Certain Designations.

Except as above provided, the Lessee will not allow the name of any Person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee, its Permitted Sublessees or its affiliates on railroad equipment used by it or its Permitted Sublessees of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease or of a Permitted Sublessee to use the Equipment under its sublease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSEE ACKNOWLEDGES AND AGREES THAT (i) THE EQUIPMENT AND EACH ITEM THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH ITEM THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) THE OWNER-TRUSTEE IS NOT A MANUFACTURER NOR A DEALER IN PROPERTY OF SUCH KIND, (iv) THE EQUIPMENT AND EACH ITEM THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND BY THE OWNER-TRUSTEE, AND (v) AS BETWEEN THE OWNER-TRUSTEE AND THE LESSEE, THE OWNER-TRUSTEE LEASES THE EQUIPMENT AND EACH ITEM THEREOF, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE TITLE, CONDITION, FITNESS, DESIGN, OPERATION OR MERCHANTABILITY THEREOF, (B) THE OWNER-TRUSTEE'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT THAT THE OWNER-TRUSTEE AGREES NOT TO WRONGFULLY INTERFERE WITH THE LESSEE'S QUIET ENJOYMENT THEREOF), or (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE OWNER-TRUSTEE AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. It is agreed that, as between the Indemnified Parties and the Lessee, all risks incident to the matters discussed in the preceding sentence are to be borne by the Lessee. The provisions of this Section 5 have been negotiated by the Owner-Trustee and the Lessee and are intended to be a complete exclusion and negation of any representations or warranties of the Indemnified Parties, express or implied, with respect to the Equipment or any Item thereof that may arise pursuant to any law now or hereafter in effect, or otherwise. The Owner-Trustee hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Owner-Trustee and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Owner-Trustee may have as owner of the Equipment against

the original manufacturer or any prior owner thereof, provided, however, that if at any time a Default or Event of Default shall have occurred and be continuing, the Owner-Trustee may assert and enforce, at the Lessee's sole cost and expense, such claims and rights, and provided, further, that the Owner-Trustee has, at any time, the right, but not the obligation, to proceed on its own behalf against the manufacturer or any prior owner of the Equipment. The Owner-Trustee shall have no responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of the Lease Supplement shall be conclusive evidence as between the Lessee and the Owner-Trustee that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Owner-Trustee based on any of the foregoing matters.

## SECTION 6. LESSEE'S INDEMNITIES.

### 6.1. General Tax Indemnity.

(a) All payments to be made by the Lessee hereunder will be free of expense to the Owner-Trustee and each other Indemnified Party for collection or other charges and all "taxes or other impositions," as hereinafter defined. The Lessee agrees to pay, and indemnify and hold each Indemnified Party harmless from, all license and registration fees and all taxes (including without limitation franchise taxes), assessments, rates and charges, excises, permit fees, inspection fees, levies, imposts, duties, charges or withholding of any nature whatsoever, including without limitation sales, gross receipts, transfer, property, stamp, use or similar taxes, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") imposed against any Indemnified Party, the Lessee, the Equipment or any Item or part thereof by any federal, state or local government or taxing authority in the United States or by any foreign country or subdivision thereof, or by any international organization, upon or with respect to the Equipment or any Item or part thereof, or upon the purchase, ownership, substitution, sale, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, the receipts or earnings arising therefrom, or upon or with

respect to the Lease or upon the Rent or other sums payable by the Lessee hereunder or with respect to the other Operative Agreements, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Equipment or otherwise on or with respect to the transactions contemplated by the Operative Agreements (all such fees, taxes, assessment, rates and charges, excises, levies, imposts, duties, charges and withholdings, and all penalties, fines, additions to tax and interests imposed in connection therewith being hereinafter called "Taxes") provided that the foregoing indemnity shall not apply to (i) the aggregate of all income, franchise and capital taxes measured by net income, capital or net worth and based on the receipt of payments provided in this Lease, the Participation Agreement or the Notes (hereinafter referred to as "Income Taxes"); provided, however, that, notwithstanding the exclusion described in clause (i) hereof, there shall not be excluded from the foregoing indemnity (A) any net increase in Taxes resulting from the imposition of Taxes by any jurisdiction (other than the jurisdiction in which such Indemnified Party has its principal place of business) if such Indemnified Party would not have been required to file returns with respect to Taxes of such type or pay such Taxes had the Equipment or any part thereof not been used, operated or located, or the Lessee had not conducted its operations in, such jurisdiction, or (B) any Taxes which are by their terms in lieu of Taxes which would otherwise be indemnified; (ii) Taxes (other than Income Taxes) payable upon the sale, transfer or assignment by the Trustor, the Noteholders or any of their respective assignees of any interest in the Equipment, this Lease or the Notes; provided, however, that if such sale, transfer or assignment occurs as a result of a termination of this Lease based upon an Event of Default hereunder, a termination which occurs by reason of an event which requires payment of Casualty Value pursuant to Section 11 hereof or an exercise by the Lessee of its purchase options or early termination options contained in Section 18 hereof, such Taxes shall not be excluded under this clause (ii); and (iii) Taxes measured by the receipt of fee income or other compensation by the Owner-Trustee or the Security Trustee. In the event any reports with regard to taxes or other impositions are required to be made on the basis of individual Items or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such a manner as to show the interest of the Owner-Trustee and Security Trustee in the Items as shall be satisfactory to the Owner-Trustee and the Security Trustee or, where not so permitted, will, as soon as the Lessee has knowledge thereof, notify the Owner-Trustee and the Security Trustee of such requirement and will assist in preparation of such reports by the Owner-Trustee or the Security Trustee in such manner as shall be satisfactory to the Owner-Trustee and the Security Trustee. Unless otherwise required by law the

Lessee shall include the Equipment in the ad valorem tax returns to be filed by the Lessee in the applicable states or localities and, unless otherwise required by law, no Indemnified Party shall include the Equipment in any ad valorem or other similar tax returns filed by it in such states or localities.

(b) Lessee further agrees that, with respect to any payment or indemnity to an Indemnified Party under this Section 6.1, and notwithstanding clauses (i) and (ii) of Section 6.1(a) above, Lessee's indemnity obligations shall include any amount necessary to hold such Indemnified Party harmless on an after-tax basis from all Taxes required to be paid by such Indemnified Party with respect to such payment or indemnity (including any payments under this Section 6.1(b)). If any Indemnified Party realizes a net reduction in Taxes by reason of any Taxes or other liabilities paid or indemnified against by Lessee under Section 6.1(a), such Indemnified Party shall, so long as no event which, with the passing of time or the giving of notice, or both, would constitute an Event of Default under the Lease shall have occurred and be continuing, upon the cure of all such events, pay to Lessee an amount which is equal to the amount of such net reduction in Taxes plus the amount of any additional tax savings such Indemnified Party determines it has recognized as a result of any payment pursuant to this sentence, but only after Lessee shall have made all payments of indemnities then due under the Operative Agreements or any other Agreements related to the transactions contemplated by the Participation Agreement to such Indemnified Party; provided, however, that such payment by such Indemnified Party shall not exceed the aggregate amount previously paid by Lessee to or on behalf of such Indemnified Party pursuant to this Section 6.1. For purposes of the preceding sentence, a reduction in taxes shall be considered attributable to a foreign tax credit carryover or carryback arising from Taxes or other liabilities paid or indemnified against by Lessee under Section 6.1(a) only to the extent that all other available carryover and carrybacks of foreign tax credits of the Indemnified Party accruing during the same or an earlier tax year as such taxes or other liabilities paid or indemnified against by Lessee under Section 6.1(a) have been fully used by the Indemnified Party. Each such Indemnified Party shall in good faith use reasonable efforts in filing its tax returns and in dealing with taxing authorities to seek and claim any such tax benefit. Any Tax that is incurred by an Indemnified Party as a result of the disallowance or adjustment of the tax benefit or aggregate net reduction in Taxes for which such Indemnified Party shall have made a payment to Lessee pursuant to this Section 6.1(b) shall be treated as a Tax for which Lessee, notwithstanding anything in Section 6.1(a) above, is obligated to indemnify such Indemnified Party pursuant to this Section 6.1.

(c) If a claim is made against any Indemnified Party for any such Taxes, with respect to which the Lessee is liable for a payment or indemnity hereunder, such Indemnified Party shall promptly give the Lessee notice in writing of such claim and shall furnish the Lessee with copies of any requests for information from any taxing authority relating to such Tax, with respect to which the Lessee may be required to indemnify hereunder; provided, however, that the failure of an Indemnified Party to give such notice or furnish such copy shall not relieve the Lessee of its obligations hereunder. The Indemnified Party shall in good faith, with due diligence and at the Lessee's expense, if timely requested in writing by the Lessee, contest (or at the sole option of the Indemnified Party, shall permit the Lessee to contest in the name of the Lessee or the name of the Indemnified Party) the validity, applicability or amount of such Tax by at the sole option of the Indemnified Party:

(i) resisting payment thereof if practicable;

(ii) not paying the same except under protest if necessary and proper; or

(iii) if the payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings including no more than one appeal from an adverse judicial proceeding;

provided, however, that the Indemnified Party shall not be required to take any action pursuant to this sentence unless and until (w) the Lessee shall have agreed to indemnify such party in a manner satisfactory to it for any liability, expenses, obligations, damages, penalties, claims, actions, suits, costs and disbursements arising out of or related to such contest (including, without limitation, indemnification for all costs, expenses, legal and accounting fees and disbursements, penalties and interest) and if such contest is to be initiated by the payment of, and the claiming of a refund for, such tax, the Lessee shall have advanced as an interest-free loan sufficient funds on an after-tax basis to make such payments, (x) such Indemnified Party shall have determined that the action to be taken will be conducted in a manner so as to prevent the sale, forfeiture or loss of, or the creation of a Lien other than Permitted Encumbrances on, the Equipment or any Item or part thereof or any interest therein, (y) the amount of the indemnity which Lessee would be required to pay in the aggregate to such Indemnified Party in respect to such Taxes would exceed \$40,000, and (z) such Indemnified Party shall have received an opinion of independent counsel selected by such Indemnified Party and reasonably acceptable to Lessee that there is a reasonable likelihood, based upon substantial authority in law and in fact in

favor of no liability of the Indemnified Party for each such Tax which Lessee requests Lessor to contest, with any fees and disbursements of such counsel to be borne by Lessee, and provided further that the conduct of all such proceedings and litigation, including without limitation, foregoing any administrative proceedings, shall nevertheless remain within the absolute control of Indemnified Party and such Indemnified Party shall not be required to appeal any proceeding, unless such Indemnified Party shall have received an opinion of independent counsel selected by such Indemnified Party and reasonably acceptable to Lessee that it is more likely than not that such appeal would result in a reversal of the decision in the adverse proceeding, with any fees and disbursements of such counsel to be borne by Lessee. Notwithstanding the foregoing, the Indemnified Party shall not be required to contest, or to continue to contest, the Tax if such Indemnified Party waives its right to indemnification hereunder with respect to the Tax in issue.

(d) If the Indemnified Party shall obtain a refund of any such tax fairly attributable to any amount paid by the Lessee pursuant to this Section 6.1, if no Default or Event of Default shall have occurred and be continuing, the Indemnified Party shall pay to the Lessee the sum of

(i) the amount of such refund, together with any interest obtained by the Indemnified Party in respect of such refund, and

(ii) any Income Tax savings realized by the Indemnified Party under the laws of any federal, state or local government or taxing authority in the United States as a result of any payment made pursuant to clause (i) of this sentence when, as, if and only to the extent such federal or other Income Tax savings are realized; provided, however, that the Indemnified Party shall not be obligated to make any payment to the Lessee pursuant to this sentence to the extent that the amount of such payment would exceed (x) the aggregate amount of all prior payments made by the Lessee to the Indemnified Party pursuant to this Section 6.1, less (y) the amount of any prior payments made by the Indemnified Party to the Lessee pursuant to this Section 6.1; and provided further, that any such amount shall not be payable before such time as the Lessee shall have made all payments of indemnities then due under the Operative Agreements or any other agreements related to the transaction contemplated by the Participation Agreement.

(e) All amounts payable by the Lessee pursuant to this Section 6.1 shall be payable directly to the Indemnified

Party except to the extent paid to a governmental agency or taxing authority. All the indemnities contained in this Section 6.1 and the obligation, if any, of the Indemnified Party to make payments to the Lessee pursuant to this Section 6.1, shall continue in full force and effect notwithstanding the expiration or other termination of this Lease in whole or in part and are expressly made for the benefit of, and shall be enforceable by, the Lessee and each Indemnified Party. The Lessee's obligations under this Section 6.1 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under some other agreement by another Person.

6.2. General Indemnity. (a) The Lessee hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless each Indemnified Party from and against any and all loss or damage to the Equipment, usual wear and tear excepted, and any and all liabilities, obligations, losses, damages, penalties, claims (including claims by any employee of the Lessee or any of its contractors), actions, suits and related costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (for purposes of this Section 6.2 collectively called "Expenses"), imposed on, asserted against or incurred by any Indemnified Party, in any way relating to or arising out of (i) this Lease and the other Operative Agreements, including the Notes or the offering of sale thereof, (ii) the construction, installation, ownership, delivery, lease, possession, use, operations or condition of the Equipment or any Item or part thereof, (including, without limitation, latent and other defects, whether or not discoverable by the Indemnified Party or the Lessee, and any claim for patent, trademark or copyright infringement and any claim arising under the strict liability doctrine in tort), or (iii) the sale or other disposition of the Equipment or any Item thereof pursuant to Section 1.1, 11, 14 or 18, except only that the Lessee shall not be required to indemnify any Indemnified Party pursuant to this Section 6.2 for (A) any Taxes (as defined in Section 6.1), (B) Expenses resulting from the willful misconduct, gross negligence or willful breach of contract of such Indemnified Party, and (C) transaction costs to be paid by such Indemnified Party pursuant to Section 2.6 of the Participation Agreement. Except to the extent fairly attributable to the failure of the Lessee fully to discharge its obligations under this Lease, the indemnities contained in this Section 6.2 with respect to the matters described in clauses (i) and (ii) above shall apply only to acts (or failures to act) or events or conditions which exist or existed on or prior to, or Expenses fairly attributable to the period prior to, the termination of this Lease, or which arise in connection with the Lessee's assembling, delivering, storing or transporting

of the Equipment as provided in Section 13 or 15, as the case may be. If any Indemnified Party shall have knowledge of any claim or liability hereby indemnified against, it shall give prompt written notice thereof to the Lessee; provided, however, that the failure of such Indemnified Party to give such notice shall not relieve the Lessee of any of its obligations hereunder.

(b) All amounts payable by the Lessee pursuant to this Section shall (i) be payable directly to the parties entitled to indemnification and (ii) be adjusted as provided in Section 6.1(b). All the indemnities contained in this Section 6.2 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease and are expressly made for the benefit of, and shall be enforceable by each Indemnified Party. The Lessee's obligations under this Section 6.2 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under any other agreement by any other Person.

(c) The indemnities and assumptions of liabilities set forth in this Section do not guarantee a residual value of the Equipment or any Item thereof, or guarantee the payment of the Notes.

#### SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and, to the extent applicable, the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Owner-Trustee; provided, however, that Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Owner-Trustee and the Security Trustee adversely affect the property rights, or interests of the Owner-Trustee and the Security Trustee in the Equipment or hereunder.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment, each Item thereof, and the component parts thereof in good order and repair, free of perforation from corrosion, erosion or other damage, to a standard at least equal to and no less thorough and complete than required by the standard and frequency of maintenance performed on other equipment owned or leased by the Lessee (provided that such standard shall be at least equal to the standard and frequency of maintenance performed on similar equipment owned or leased by Class I line-haul railroads and Persons similar to the Lessee), and in the condition received by the Lessee from the Owner-Trustee, ordinary wear and tear excepted, and to the extent applicable, suitable for use in interchange in accordance with the Interchange Rules and for immediate regular use by a Class I line-haul railroad. The Lessee shall maintain all records, logs and other materials required by the American Association of Railroads, the Department of Transportation or any other governmental authority having jurisdiction over the Equipment or the Lessee, to be maintained in respect of the Equipment.

Except as otherwise required by the provisions of Section 7 hereof and except as permitted pursuant to the third sentence of this paragraph, the Lessee shall not modify any Item of Equipment unless (i) such modifications, additions or improvements shall comply with all of the requirements set forth in Rev. Proc. 79-48 (and any rule, regulation or pronouncement of the Internal Revenue Service amending, supplementing, modifying or replacing Rev. Proc. 79-48) for advance ruling purposes (and Lessee agrees to provide upon Owner-Trustee's request reasonable evidence of such compliance), and (ii) the Lessee shall have obtained the prior written authority and approval of the Owner-Trustee and any assignee pursuant to Section 16 hereof. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 or which meet the requirements of clause (i) of the preceding sentence shall in each case be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Owner-Trustee without cost or expense to the Owner-Trustee. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee may, or at the

request of the Owner-Trustee, the Lessee shall, prior to the return of such Item of Equipment to the Owner-Trustee hereunder, remove the same at its own expense without causing material damage to such Item of Equipment. Title to any readily removable addition or improvement which has not been so removed by the Lessee from an Item of Equipment when such Item is returned to the Owner-Trustee pursuant to this Lease shall thereupon be vested in the Owner-Trustee.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Item of the Equipment, title thereto or any interest therein except Permitted Encumbrances and Liens which result from the Owner-Trustee's own acts or from claims against the Owner-Trustee not to be paid or indemnified against by the Lessee hereunder. The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien (and any claim which if unpaid might constitute or become such a Lien) not excepted above if the same shall arise at any time with respect to any Item of the Equipment, but the Lessee shall not be required to pay or discharge any such Lien so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Owner-Trustee, the Trustor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment and as to which such Lien the Lessee, if appropriate under generally accepted accounting principles, shall have set aside on its books and records adequate reserves.

SECTION 10. FILING.

(a) Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303, and will file, register or record such Lease and Security Agreement, and all financing and continuation statements and similar instruments, in such other places within or without the United States as the Owner-Trustee or the Security Trustee may reasonably request and will furnish the Owner-Trustee and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or rerecord whenever required) any and all amendments or supplements to this Lease or to the Security Agreement, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Security Trustee, for the purpose

of protecting the Owner-Trustee's title to, or the Security Trustee's security interest in, any Item of Equipment to the satisfaction of the Owner-Trustee's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease. Except as provided in Section 2.6 of the Participation Agreement, the Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

Without limiting the generality of the foregoing, within thirty (30) days following the Equipment Closing Date, the Lessee at its own expense, will (i) cause this Lease and the Security Agreement to be deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada and (ii) provide the Security Trustee and the Owner-Trustee with a favorable opinion of counsel selected by the Lessee and reasonably acceptable to each, addressed to them, covering such matters as they shall reasonably request including, without limitation, compliance with the Railway Act of Canada and maintenance and perfection of the Security Trustee's first security interest in the Lease and the Equipment.

(b) Opinions of Counsel. The Lessee agrees at its own expense to furnish to the Owner-Trustee and the Security Trustee (i) promptly after the execution and delivery of any supplement and amendment hereto and promptly after the execution and delivery of any supplement and amendment to the Security Agreement, an opinion of counsel satisfactory to the Owner-Trustee and the Security Trustee (who may be independent counsel to the Lessee) stating that in the opinion of such counsel, such supplement or amendment to this Lease or such supplement or amendment to the Security Agreement (or a financing statement, continuation statement or similar notice thereof if any to the extent required by applicable law) has been properly recorded or filed for record in all public offices in which such recording or filing is necessary to protect the right, title and interest of the Owner-Trustee hereunder or, as the case may be, to perfect the security interest provided by the Security Agreement as a valid lien and security interest in the Collateral, and (ii) within thirty (30) days prior to July 15, in each year beginning in 1989, an opinion of Lessee's in-house counsel, or at Lessee's option, independent counsel to the Lessee, satisfactory to the Owner-Trustee and the Security Trustee, stating that this Lease and the Security Agreement (or financing statements or similar notices thereof if and to the extent required by applicable law) have been properly recorded or filed for record in all public offices in which such recording or filing is necessary to protect the right, title and interest

of the Owner-Trustee hereunder and to perfect the security interest provided by the Security Agreement as a valid security interest in the Collateral, and stating the requirements of applicable law with respect to the re-recording or re-filing of this Lease and the Security Agreement (or financing statements, continuation statements or similar notices thereof to the extent required by applicable law) prior to July 15 of the succeeding year in order to protect and maintain such rights, titles and interests of the Owner-Trustee and the Security Trustee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE; OBSOLESCENCE

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any return and storage period hereunder and at its own cost and expense keep each Item of Equipment insured against loss by fire, collision, derailment, and explosion and with extended coverage and against such other risks and in such amounts as are customarily insured against by Persons similar to the Lessee with respect to similar equipment owned, leased or operated by such Persons in amounts and against risks at least to the extent contained in insurance maintained by the Lessee with respect to similar equipment which it owns or leases, but in any event in an amount not less than the Casualty Value of such Item of Equipment as of the next following Rent Payment Date, and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit maintained by the Lessee with respect to similar equipment which it owns, leases or operates (provided that such limit shall be at least equal to the limit maintained by Persons similar to the Lessee with respect to similar equipment owned, leased or operated by such Persons); provided, however, that the Lessee may self-insure with respect to property damage to the Equipment in amounts customarily maintained by the Lessee with respect to similar equipment which it owns or leases, provided that self-insurance in such amounts is maintained by Persons similar to the Lessee with respect to similar equipment owned or leased by such Persons. Any property insurance may have deductible provisions to no greater extent than the Lessee maintains with respect to similar equipment owned or leased by the Lessee or than are customary with Persons similar to the Lessee with respect to similar equipment owned, leased or operated by such Persons in the aggregate and in any single occurrence, and any public liability insurance may have deductible provisions to no greater extent than the Lessee maintains with respect to similar equipment owned or leased by the Lessee or than are customary with Persons similar to the Lessee with respect to similar equipment owned, leased or operated by such Persons

in the aggregate and in any single occurrence but in no event shall the Lessee self-insure through deductibles on its general public liability insurance in an amount exceeding 2% of Lessee's "Tangible Net Worth" (as defined in Section 20 below) based on financial statements for the most recently completed fiscal year of the Lessee for which such financial statements are available. All such insurance shall cover the interest of the Owner-Trustee, in both its individual and fiduciary capacities, the Trustor and any assignee of the Owner-Trustee (including, without limitation, the Security Trustee) and the Lessee, as their interests may appear, in the Equipment or, as the case may be, shall protect the Owner-Trustee, in both its individual and fiduciary capacities, the Trustor and any assignee of the Owner-Trustee (including, without limitation, the Security Trustee) and the Lessee, in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that proceeds, if any, in respect to the Equipment shall be payable to the Lessee, the Owner-Trustee, the Trustor, and the Security Trustee as their respective interests may appear. All policies of insurance maintained pursuant to this Section shall provide therein or by endorsement that prior written notice of expiration, cancellation or modification shall be given to the Security Trustee, the Trustor and the Owner-Trustee. Such written notice shall be given not less than thirty (30) days prior to such expiration, cancellation or modification. Unless such cancellation or termination results in replacement with comparable coverage, the Lessee agrees that if requested by the Owner-Trustee or the Trustor, it will meet and will cause its insurance broker to meet with the Owner-Trustee and/or the Trustor to explain to the Owner-Trustee and/or the Trustor any such cancellation, termination or modification of any policies of insurance within ten (10) days after notice of such cancellation, termination or modification is given to the Owner-Trustee and the Trustor. As to the interest of the Owner-Trustee, the Trustor or the Security Trustee therein, no such insurance shall be invalidated by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by use or operation of the Equipment for purposes more hazardous than is permitted by such policy. The Lessee warrants and affirms that it will satisfy all obligations under such policy necessary to keep such insurance in full force and effect. No such policy shall require co-insurance. The Lessee shall cause the property insurance on the Equipment to provide that, so long as the Notes shall remain outstanding, the proceeds, if any, shall be payable to the Security Trustee under a standard mortgage loss payable clause satisfactory to the Owner-Trustee, the Trustor, the Lessee and the Security Trustee. To the extent permitted by the terms of applicable insurance coverage, any loss under the property insurance

policy referred to above shall be adjusted with the Lessee, subject to the approval of the Owner-Trustee and the Security Trustee, provided that no such adjustment shall constitute a waiver of the respective rights of the named insureds under such insurance policy. The Lessee shall furnish the Owner-Trustee, the Trustor and the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates or binders evidencing such renewal as soon as practicable but in no event later than ten (10) Business Days after such renewal is effected or the expiration date of the original policy or policies. All insurance required to be maintained by the Lessee pursuant to this Section 11 shall be carried with insurance companies or insurers having all necessary power and authority to furnish the required coverage, and rated A or higher by A.M. Best Company.

The proceeds of any property or casualty insurance received by the Owner-Trustee or the Security Trustee shall be held by such party until the repairs referred to in clause (i) below are made as specified therein or payment of the Casualty Value is made, but in no case longer than 180 days and will be paid either (i) to the Lessee within thirty (30) days following receipt by the Security Trustee of a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing or restoring the Item of Equipment which has been damaged (which application shall be accompanied by an Officer's Certificate of the Lessee stating that (A) the Lessee has complied with the applicable provisions of the Lease, (B) no Default or Event of Default is outstanding and (C) any damage to such Item has been fully repaired or restored, which Officer's Certificate shall be accompanied by reasonably satisfactory evidence of such cost and the completion of such repair or restoration), or (ii) if this Lease is terminated with respect to such Item of Equipment because of a Casualty Occurrence and the Lessee has paid the Casualty Value due as a result thereof, such proceeds shall be applied in the manner as is provided for the disposition of insurance proceeds in Section 11.5 hereof; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Owner-Trustee hereunder, such proceeds may be applied against such liability.

11.2. Duty of Lessee to Notify Owner-Trustee. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or in the reasonable opinion of the Lessee, damaged beyond repair, from any cause whatsoever during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or remains in an inoperable condition

for a period of nine (9) months or more, or title or use thereof shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease, or the Lessee is unable to return any Item of Equipment at the end of the term of the Lease because such Item has been requisitioned or taken by any governmental authority (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully and in any event within thirty (30) days after it has knowledge of such Casualty Occurrence inform the Owner-Trustee and any assignee thereof pursuant to Section 16 hereof in regard thereto (including, without limitation, the Security Trustee) and shall pay the Casualty Value of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the Base Term Commencement Date or next succeeding Rent Payment Date or the last day of any storage period pursuant to Section 13 hereof, as the case may be, following its notice to the Owner-Trustee and any assignee thereof that a Casualty Occurrence has taken place with respect to any Item of Equipment, shall pay to the Owner-Trustee (i) any Rent or other sum due on or prior to such date then remaining unpaid, and (ii) a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay Rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay Rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Owner-Trustee, dispose of any Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Default or Event of Default hereunder shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence after having paid the Casualty Value attributable thereto. In disposing of such Item of Equipment, the Lessee shall take such action as the Owner-Trustee shall reasonably request to terminate any contingent liability which the Owner-Trustee might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is to be paid as provided in this Section 11 (and not the date of the Casualty Occurrence). Casualty Value for each Item shall be equal to that percentage of the Equipment Cost thereof set forth in Schedules C-1 through C-5 hereto, as the case may be, depending on the Type of Equipment (as any such Schedule may be modified pursuant to Section 2.3 hereof).

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Owner-Trustee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of the Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of Rent and other sums shall continue for the duration of such requisitioning or taking. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

11.9. Obsolescence. For purposes of this Section 11.9 and Section 11.10, the Equipment is divided into three categories: plastic pellet hopper cars, other hopper cars, and tank cars (each such category being a "Type of Equipment"). So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall have the right at its option at any time on or after January 15, 2004, on at least 180 days prior written notice to Owner-Trustee and the Trustor, to terminate this Lease with respect to all of the Equipment, or all of the Items of any Type of Equipment (any Type of Equipment with respect to which the Lease is to be terminated being hereinafter referred to as a "Terminated Type" or a "Terminated Type of Equipment"), on the Rent Payment Date specified in such notice (the "Termination Date") if, in the good faith opinion of the Board of

Directors of the Lessee, the Equipment or such Terminated Type of Equipment shall have become obsolete. Concurrently with such notice of termination, the Lessee shall deliver to the Owner-Trustee a copy of the resolutions of the Board of Directors of the Lessee, certified by the Secretary or an Assistant Secretary of the Lessee, by which such Board determined, in good faith, that the Equipment or Terminated Type of Equipment shall have become obsolete. In making such determination, the Lessee shall disregard interest rates or similar finance charges payable by the Lessee in connection with the acquisition of similar equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price thereof. During the period from such written notice of termination to the Termination Date, the Lessee, as agent for the Owner-Trustee, shall use its best efforts to obtain bids for the cash purchase of the Equipment or Items of the Terminated Type, as the case may be, and the Lessee shall, promptly, and in any event at least eight (8) Business Days prior to the proposed date of sale, certify to the Owner-Trustee and the Trustor in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the party (who shall not be the Lessee or any Person, firm or corporation affiliated with the Lessee) submitting such bid. In the event the Owner-Trustee or the Trustor receives any bid, it shall, at least four (4) Business Days prior to the proposed date of sale, certify to the Lessee in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the party submitting such bid. On the Termination Date or such earlier date as shall be consented to in writing by the Owner-Trustee, the Trustor and the Security Trustee: (1) the Lessee shall deliver the Equipment or the Items of the Terminated Type, as the case may be, to the bidder, if any, which shall have submitted the highest cash bid prior to such date, in the same manner as if delivery were made to Owner-Trustee pursuant to Section 13 hereof and in full compliance with the terms thereof; and (2) the Owner-Trustee shall, without recourse or warranty and subject to the disclaimer set forth in Section 5 hereof, simultaneously therewith sell the Equipment or all Items of the Terminated Type, as the case may be, to such bidder for cash paid in the manner and in funds of the type specified in Section 2.4 hereof. As between the Owner-Trustee and the Lessee, the total selling price realized at such sale shall be paid to and retained by the Owner-Trustee and, in addition, on the date of such sale, and as a condition precedent to such sale and the delivery of the Equipment or the Items of the Terminated Type, as the case may be, to such bidder, the Lessee shall pay to the Owner-Trustee, in the manner and in funds of the type specified in Section 2.4 hereof, (i) all Fixed Rent and any Additional Rent due and unpaid on or prior to the Termination Date, (ii) all other sums due and unpaid under the Lease or the Participation Agreement, and (iii) the excess, if any, of

(A) the Termination Value for the Equipment or the Items of the Terminated Type, as the case may be, computed as of the Termination Date over (B) the sales proceeds of the Equipment or the Items of the Terminated Type, as the case may be, after deducting the expenses incurred by the Owner-Trustee and the Trustor in connection with such sale. If no sale shall have occurred on or as of the Termination Date either because no bids have been received or because the Lessee, at its option, shall have elected that no bid be accepted, this Lease shall continue in full force and effect as to the Equipment; provided that the Lessee shall not, without the written consent of the Trustor, either reject any cash bid equal to or greater than the Termination Value or reject all bids at a proposed sale under this Section 11.9 as to any Terminated Type more than one time. In the event of any such sale and receipt by the Owner-Trustee of all of the amounts provided herein, and upon compliance by the Lessee with the other provisions of this Section 11.9, the obligation of the Lessee to pay Rent hereunder for such Equipment shall cease and the term of the Lease for the Equipment or all Items of the Terminated Type, as the case may be, shall end. The Owner-Trustee and the Trustor, may, at their option, but shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise take any action in connection with any such sale other than to transfer to the purchaser named in the highest bid as referred to above, without recourse or warranty (and subject to the disclaimer set forth in Section 5 hereof), all of such party's right, title and interest in and to the Equipment or all Items of the Terminated Type, as the case may be, against receipt of the payments provided for herein.

Notwithstanding the provisions of the first paragraph of this Section 11.9, the Owner-Trustee may elect no later than thirty (30) days prior to the Termination Date not to sell the Equipment or all Items of the Terminated Type, as the case may be, to the highest bidder, if any, on the Termination Date, whereupon Lessee shall deliver the Equipment or all Items of the Terminated Type, as the case may be, to the Owner-Trustee as provided in Section 13, treating the Termination Date as the expiration date of the Term of this Lease; provided that such election shall not be effective unless, on the Termination Date the Owner-Trustee or the Trustor shall pay to the Security Trustee, for application pursuant to Section 5(d) of the Security Agreement as if the same constituted a Termination Value payment, an amount equal to the Loan Value of the Items of Equipment of the Terminated Type, plus accrued interest on the Notes being prepaid by such application, and in the event of any such payment the Owner-Trustee and the Lessee each agree for the benefit of the Security Trustee and the holders of the Notes then being prepaid, that no such Items of Equipment will be leased or otherwise provided to the Lessee for use

(except pursuant to normal interchange) during a two year period following such prepayment. Upon such election by the Owner-Trustee duly made and such delivery of the Equipment or all Items of the Terminated Type, as the case may be and payment by the Lessee of all Rent to and including the Termination Date: (1) the obligation of the Lessee to pay any installment of Fixed Rent due hereunder with respect to the Equipment or the Items of the Terminated Type, as the case may be, after the Termination Date or to pay the Termination Value with respect to the Equipment or the Items of the Terminated Type, as the case may be, shall terminate, and (2) the Term for such Equipment shall end.

11.10. Termination Value. The Termination Value of each Item of Equipment shall be determined as of the date the Termination Value is to be paid as provided in this Section 11. Termination Value for each Item shall be equal to that percentage of the Equipment Cost thereof, set forth in Schedules D-1 through D-5 hereto (as such Schedules may be modified pursuant to Section 2.3 hereof).

## SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before April 1, 1990, and on each April 1 thereafter, the Lessee will furnish to the Owner-Trustee, the Trustor and any assignee of the Owner-Trustee pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Noteholders) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the twelve (12) months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), describing the insurance which is in force with respect to the Equipment and such other information regarding the condition or repair of the Equipment as the Owner-Trustee may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Owner-Trustee's Inspection Rights. Without limiting the inspection rights permitted in Section 5 of the Participation Agreement, the Owner-Trustee, the Trustor, any assignee of the Owner-Trustee pursuant to Section 16 hereof (including, without limitation, the Security Trustee) and the Noteholders each shall have the right, but not the obligation, at their respective sole cost, expense and risk except as provided below, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary

to confirm the existence and proper maintenance of the Equipment during the continuance of this Lease provided, however, that the Lessee shall not be liable, except in the case of negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Owner-Trustee, the Trustor and any assignee of the Owner-Trustee pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Noteholders) or any prospective purchaser, the rights of inspection granted under this Section 12.2.

SECTION 13. RETURN OF THE EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the Term of this Lease with respect to the Items of Equipment then subject to this Lease, the Lessee will, at its own risk and expense, at such storage locations for which arrangements upon commercially reasonable terms can then be concluded to the mutual satisfaction of the Owner-Trustee and the Lessee, deliver possession of such Items of Equipment to the Owner-Trustee, and permit the Owner-Trustee, at the Lessee's risk and expense, to store such Items of Equipment at such locations for a period not exceeding 90 days and promptly transport the same at any time once to any railroad interchange point in the continental United States (other than Alaska), as directed by the Owner-Trustee upon not less than thirty (30) days' written notice to the Lessee delivered to the Lessee on or prior to the expiration of such 90-day period. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Item, to inspect the same, subject to the provisions of Section 12.2 hereof. Upon the return of the Equipment, Lessee shall at its own cost and expense have taken all necessary action to assure that each Item of Equipment shall be in the condition required by Section 7 and 8 hereof, and that each such Item will be in the condition required by the Interchange Rules to enable the same to be sold or leased to a third party for use in interchange service by such third party under a newly assigned reporting mark without further repair, rebuilding, modification, alteration, addition or improvement, and Lessee agrees that no Item shall be considered to have been returned under this Section 13 until Lessee has returned such Item in such condition. During any storage period hereunder, the Lessee will, at its expense, effect and maintain insurance on the Equipment pursuant to Section 11. The assembling, delivery in the required condition, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific

performance of the covenants of the Lessee to so assemble, deliver in the required condition, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease shall belong to the Lessee so long as the Lessee meets its obligations in the next following sentence. In the event any Item of Equipment is not assembled, delivered in the required condition and stored as hereinabove provided on the date of expiration of this Lease, the Lessee shall pay to the Owner-Trustee for each day thereafter an amount equal to the amount, if any, by which 115% of the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item for each such day exceeds the amount, if any, received by the Owner-Trustee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the Rent, Casualty Value or Termination Value provided in Section 2 or 11 hereof and such default shall continue for five (5) days;

(b) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of any Item of the Equipment, not permitted by this Lease, and the Lessee shall, in the case of any such assignment or transfer of possession of any Item of the Equipment made without its knowledge or consent, fail to secure a reassignment or retransfer of any such Item of the Equipment within thirty (30) days after receipt of written notice from the Owner-Trustee so demanding;

(c) The Lessee shall default in (i) the maintenance of the insurance coverage required by Section 11 hereof or (ii) the observance or performance of any covenant required to be observed or performed by the Lessee under Section 11 hereof and such default described in this clause (ii) shall continue for ten (10) days after receipt of written notice of such default from the Owner-Trustee;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, and such default shall continue for thirty (30) days after written notice from the Owner-Trustee to

the Lessee, specifying the default and demanding the same to be remedied;

(e) Any representation or warranty made by the Lessee or the Guarantor in the Lease, the Guaranty or in the Participation Agreement, or in any statement or certificate furnished to the Owner-Trustee, the Trustor, the Security Trustee or the Noteholders pursuant to or in connection with this Lease, the Participation Agreement or the Guaranty (other than any such statement or certificate delivered in connection with the Tax Indemnity Agreement) is untrue or incorrect in any material respect as of the date of issuance or making thereof; provided, however, that if (i) such state of falsity or incorrectness shall relate solely to a fact or condition which, in the reasonable judgment of the Owner-Trustee, will not have a material adverse effect on the Lessee or the Guarantor, the ability of either to perform its obligations under the Operative Agreements to which it is a party, or on the Equipment or any material number of Items thereof, and (ii) such material adverse effect may be remedied or rendered immaterial, then the falsity or incorrectness of such representation or warranty shall not constitute an Event of Default hereunder unless such material adverse effect is not remedied or rendered immaterial within thirty (30) days after written notice thereof is provided by the Owner-Trustee to the Lessee.

(f) Final judgment or judgments for the payment of money aggregating in excess of \$250,000 shall be outstanding against the Lessee or the Guarantor and any one of such judgments has been outstanding for more than thirty (30) days from the date of its entry and has not been discharged in full or stayed;

(g) The Lessee or the Guarantor (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, and all the obligations of the Lessee under this Lease shall

not have been duly assumed in writing, pursuant to a court order or decree, in accordance with the standards set forth in Section 365(b)(1) of the Bankruptcy Code by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of either of them in connection with any such proceeding in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall fail generally to pay its debts as they become due, or (v) shall take any corporate action to authorize any of the foregoing;

(h) An involuntary case or other proceeding shall be commenced against the Lessee or the Guarantor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or

(i) the Guarantor defaults under its obligations under the Guaranty, or announces the termination of, or its intent to terminate, the Guaranty or any of its obligations thereunder.

14.2. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Owner-Trustee may, at its option, declare this Lease to be in default, and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Owner-Trustee may do one or more of the following as the Owner-Trustee in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

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

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever;

(c) Sell any Item of Equipment at public or private sale, as the Owner-Trustee may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Owner-Trustee elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Fixed Rent with respect to such Item hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Fixed Rent is to be included in computations under paragraph (e) or (f) below if the Owner-Trustee elects to exercise its rights under either of said paragraphs);

(d) Hold, keep idle or lease to others any Item of Equipment or any part thereof, as the Owner-Trustee in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Fixed Rent with respect to such Item due for any periods subsequent to the date upon which the Lessee shall have been deprived of use of such Item pursuant to this Section 14 shall be reduced by the net proceeds, if any, received by the Owner-Trustee from leasing such Item to any person other than the Lessee;

(e) Whether or not the Owner-Trustee shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Item of Equipment, the Owner-Trustee, by written notice to the Lessee specifying a payment date which shall be not earlier than ten (10) days after the date of

such notice, may demand that the Lessee pay to the Owner-Trustee and the Lessee shall pay to the Owner-Trustee, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item of Equipment due after the payment date specified in such notice), any unpaid Rent for such Item of Equipment due for periods prior to the payment date specified in such notice plus whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify in such notice: (i) an amount equal to the difference between the present value of all future Fixed Rent for such Item and the present value of the Fair Rental Value (determined as hereafter in this Section 14 provided) of such Item or, if the Owner-Trustee has leased such Items to others pursuant to paragraph (d) above, for the period of such lease the rental payable thereunder, in each case for the remainder of the Base Term or then Renewal Term, as the case may be, as of the payment date specified in such notice, such present values, to be computed on the basis of a 6% per annum rate of discount from the respective dates upon which such Rent would be paid, or (ii) an amount equal to the excess, if any, of the Casualty Value for such Item as of the Rent Payment Date next preceding the payment date specified in such notice or if such payment date occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Value of such Item (determined as hereafter in this Section 14 provided) as of the payment date specified in such notice;

(f) If the Owner-Trustee shall have sold any Item of Equipment pursuant to paragraph (c) above, the Owner-Trustee, in lieu of exercising its rights under paragraph (e) above with respect to such Item may, if it shall so elect, demand that the Lessee pay to the Owner-Trustee and the Lessee shall pay to the Owner-Trustee, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item due on Rent Payment Dates subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent for such Item due for periods up to and including the Rent Payment Date next preceding the date of such sale and if that date is a Rent Payment Date, the Rent due on that date, plus the amount, if any, by which the Casualty Value of such Item computed as of the Rent Payment Date next preceding the date of such sale or if such sale occurs on a Rent Payment Date,

then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

(g) Whether or not the Owner-Trustee shall have exercised any of its rights under paragraph (e) above other than the right to sell any Item of Equipment, the Owner-Trustee may in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent and additional sums theretofore paid by the Lessee or received by the Owner-Trustee in respect of such Item including any such then in possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder, (ii) may recover from the Lessee all Rent and additional sums accrued and unpaid under any of the terms hereof as of the date of the declaration of default, and (iii) may transfer title to such Item to the Lessee by quit-claim bill of sale and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Fixed Rent for such Item on Rent Payment Dates subsequent to the date of the declaration of default) an aggregate sum equal to the present value of all Fixed Rent for such Item which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Base Term or then Renewal Term, as the case may be, such present value to be computed on the basis of a 6% per annum rate of discount, compounded semiannually, from the respective dates upon which such Fixed Rent would have been payable hereunder had this Lease not been terminated.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Default or Event of Default or the exercise of the Owner-Trustee's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Item in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

For purposes of this Section 14.2, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined on the basis of an appraisal of an independent appraiser chosen by the Owner-Trustee, based upon the criteria for establishing Fair Market Value and Fair Rental Value set forth in Section 18.1, and the cost of any such appraisal shall be borne by the Lessee.

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

14.4. Owner-Trustee's Failure to Exercise Rights. The failure of the Owner-Trustee to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Owner-Trustee, the Trustor, the Security Trustee and the Noteholders, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes a Default or an Event of Default under this Lease written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Owner-Trustee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Owner-Trustee. For the purpose of delivering possession of any Item to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Item upon such storage locations for which arrangements upon commercially reasonable terms can then be concluded to the mutual satisfaction of the Owner-Trustee and the Lessee;

(b) Permit the Owner-Trustee to store such Item at such location without charge for insurance, rent or storage until such Item has been sold, leased or otherwise

disposed of by the Owner-Trustee, and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport such Item one time to any railroad interchange point in the continental United States (other than Alaska) as the Owner-Trustee may direct in writing.

Each such Item will be in the condition required by the Interchange Rules to enable the same to be sold or leased to a third party for use in interchange service by such third party under a newly assigned reporting mark without further repair, rebuilding, modification, alteration, addition or improvement and Lessee agrees that no Item shall be considered to have been returned under this Section 15 until Lessee has returned such Item in such condition.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Owner-Trustee Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Owner-Trustee, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

#### SECTION 16. ASSIGNMENTS BY OWNER-TRUSTEE.

(a) Right to Assign. Subject to the provisions of the Participation Agreement and the Trust Agreement, this Lease and all Rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Owner-Trustee without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Owner-Trustee except upon written notice of such assignment from the Owner-Trustee. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Such notice is hereby given of the assignment of this Lease and all Rent and other payments to be made to the Owner-Trustee hereunder to the Security Trustee under and pursuant to the Security

Agreement, and the Lessee agrees to make all payments of Rent in accordance with the provisions of Section 2.4.

(b) Obligation and Right of Assignee. Any assignee pursuant to this Section 16 shall not be obligated to perform any duty, covenant or condition required to be performed by the Owner-Trustee under any of the terms hereof, but on the contrary, the Lessee and the Owner-Trustee each acknowledge and agree that notwithstanding any such assignment each and all of such duties, covenants or conditions required to be performed by the Owner-Trustee shall survive any such assignment and shall be and remain the sole liability of the Owner-Trustee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason or failure of or defect in the Owner-Trustee's title or the failure of the Owner-Trustee to afford the right of quiet enjoyment to the Lessee, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Owner-Trustee to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) all obligations of the Owner-Trustee to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Owner-Trustee. Notwithstanding any provision of this Lease to the contrary, the Lessee shall have the right to proceed against any assignee for any wrongful acts of such assignee.

(c) Amendments; Exercise of Rights and Remedies. Unless and until the Lessee shall have received written notice from Security Trustee that the Lien of the Security Agreement has been released, except as otherwise provided in the Security Agreement, (i) no amendment or modification of, or waiver by or consent of the Owner-Trustee in respect of, any of the provisions of this Lease shall be effective unless the Security Trustee shall have joined in such amendment, modification, waiver or consent or shall have given its prior written consent thereto, and (ii) except as otherwise provided in the Security Agreement, the Security Trustee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Owner-Trustee for the use and benefit of the Security Trustee) which by the

terms of this Lease or by applicable law are permitted or provided to be exercised by the Owner-Trustee.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION

17.1. Lessee's Rights to the Equipment; Sublease. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of the Lease but, without the prior written consent of the Owner-Trustee, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Owner-Trustee, enter into any sublease with respect to, part with the possession or control of, or suffer or allow to pass out of its possession or control, any Item of Equipment, except pursuant to a sublease which (a) shall be for a term not extending beyond the Term of this Lease unless such sublease shall expressly provide for Lessee's right to substitute other comparable items of equipment for those subleased thereunder (which Lessee hereby agrees to do with respect to any Items subleased thereunder upon or prior to the end of the Term unless the Lessee exercises its option to purchase such Items or to renew the Lease), or that such sublease shall terminate with respect to such Item upon the termination of this Lease, unless such Item is purchased by the Lessee upon such termination, and (b) shall be made expressly subordinate to the rights of the Owner-Trustee and the Security Trustee and otherwise to the extent permitted by the provisions of Section 17.2 hereof.

The rights of any sublessee who receives possession by reason of a sublease permitted by this Section 17.1 (a "Permitted Sublessee") shall be subject and subordinate to, and any sublease permitted by this Section 17.1 shall be made expressly subject and subordinate to, each and every term, condition and provision of this Lease, including, without limitation, the Owner-Trustee's rights to repossession pursuant to Section 14 of this Lease and to avoid such sublease upon such repossession. No such sublease shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease to the same extent as if such sublease had not occurred.

17.2. Use and Possession in Railroad Operations. Notwithstanding the foregoing, the Lessee shall at no time throughout the term of this Lease assign or permit the assignment of or permit any sublessee to assign or permit the assignment of, any Item of Equipment for use in service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States

and Canada, and the Lessee agrees that any use of the Equipment in Canada shall be de minimis.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired all or substantially all of the property of the Lessee, and the Lessee may merge or consolidate with any other corporation or transfer all or substantially all of its property to any corporation provided that (a) such corporation shall be, effective upon such transfer, a corporation incorporated in any state of the United States or the District of Columbia which shall have all necessary authorizations and approvals to own and operate such assets and have duly assumed in writing the obligations of the Lessee hereunder, and (b) immediately prior to and after giving effect to such transaction, no Default or Event of Default will be outstanding hereunder, computing the covenants set forth in Section 20 hereof on the basis of such corporation and its subsidiaries.

SECTION 18. OPTIONS TO RENEW AND PURCHASE.

18.1. Determination of Fair Market Value and Fair Rental Value. Not more than 18 months nor less than 12 months prior to the expiration of the Base Term, the Lessee may notify the Owner-Trustee and the Trustor in writing that the Lessee desires a determination of the Fair Rental Value of the Equipment for a Renewal Term, as specified in Section 18.3, commencing upon the expiration of the Base Term and the Fair Market Value of the Equipment as of the end of the Base Term. Thereafter, the Owner-Trustee and the Lessee shall consult for the purpose of determining such Fair Market Values and Fair Rental Value and any values agreed upon in writing shall constitute such Fair Market Values and Fair Rental Value. If the Owner-Trustee and the Lessee fail to agree upon such values within ninety (90) days after the Lessee's notice pursuant to the first sentence of this paragraph, the Lessee may request that such values be determined by the Appraisal Procedure. Such Fair Market Values and Fair Rental Value shall be determined on the basis of the value which would obtain in an arms's-length transaction between an informed and willing buyer-user or lessee (other than a used equipment dealer or a lessee currently in possession) and an informed and willing seller or lessor under no compulsion to sell, buy or lease. Any such determination shall be made (i) on the assumption that the Equipment is in the condition and state of repair required by this Lease, including the return conditions specified in Section 13, (ii) as respects Fair Rental Value, on the basis of a lease, having terms and

conditions (other than the amount of Rent) similar to the terms and conditions of this Lease, and (iii) giving effect to the removal of any parts which remain the property of the Lessee under the provisions of Section 8 hereof. Not more than 18 months nor less than 12 months prior to the expiration of the Renewal Term, the Lessee may notify the Owner-Trustee and the Trustor in writing that the Lessee desires a determination of the Fair Market Value of the Equipment as of the end of the Renewal Term, whereupon the aforesaid applicable provisions shall be in effect. The Lessee's request for a determination of Fair Market Value and/or Fair Rental Value shall not obligate the Lessee to exercise any of the options provided in this Section 18. All costs and expenses of any Appraisal Procedure pursuant to this Section 18 shall be borne by the Lessee.

18.2. Options to Purchase. So long as no Default or Event of Default has occurred and is continuing, then the Lessee shall have the right upon no more than 210 and no less than 180 days prior written notice to the Owner-Trustee, the Trustor and the Security Trustee, to purchase all, but not less than all, of the Equipment on the date of the expiration of the Base Term at a price equal to the the lesser of (a) the Fair Market Value of the Equipment, determined in accordance with Section 18, at the end of the Base Term, and (b) 50% of the Total Equipment Cost thereof. So long as no Default or Event of Default has occurred and is continuing, then the Lessee shall have the right upon no more than 210 and no less than 180 days prior written notice to the Owner-Trustee, the Security Trustee and the Trustor to purchase all, but not less than all of the Equipment on the date of the expiration of the Renewal Term at a price equal to the Fair Market Value of the Equipment, determined in accordance with Section 18, at the end of the Renewal Term.

18.3. Option to Renew. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall have the right upon no more than 210 and no less than 180 days prior written notice to the Owner-Trustee and the Trustor to renew this Lease with respect to all, but not less than all of the Equipment, for one Renewal Term of six (6) years, commencing at the expiration of the Base Term. All of the provisions of this Lease other than Sections 11.9 and 11.10 shall be applicable during the Renewal Term except that the Casualty Values shall be determined in accordance with this Section 18 and Fixed Rent shall be the lesser of (i) the Fair Rental Value of the Equipment for such Renewal Term, determined in accordance with this Section 18 and (ii) 50% of the average Fixed Rent of the Equipment over the Base Term.

18.4. Casualty Value during Renewal Term. The Casualty Value as of the commencement of the Renewal Term

shall be the Fair Market Value of the Equipment as of January 15, 2009 (determined in accordance with this Section 18), and on each subsequent Rent Payment Date during the Renewal Term, shall decline on a straight-line basis to an amount equal to the Casualty Value appearing on Schedule C hereto for January 15, 2009.

18.5. Casualty Occurrence. The provisions of Section 11 and Section 18 shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment to the Lessee unless the Lessee shall have exercised the option to purchase pursuant to Section 18, in which event the amount of "Casualty Value" shall equal the greater of (i) the option purchase price and (ii) the Casualty Value which would have applied but for the exercise of such purchase option.

18.6. Delivery of Equipment. Unless the Lessee has elected to exercise its option to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Owner-Trustee at the end of the Base Term, or the Renewal Term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY OWNER-TRUSTEE. Anything to the contrary herein contained notwithstanding, any nonpayment of Rent or other sums due hereunder shall result in the additional obligation on the part of the Lessee to pay also an amount equal to interest at the Late Rate on such overdue amounts for the period of time during which they were overdue and not repaid.

SECTION 20. FINANCIAL COVENANTS.

20.1. Minimum Tangible Net Worth. The Lessee, from and after the earlier to occur of (a) the ITEL Rail Merger and (b) January 1, 1990, will at all times maintain Tangible Net Worth of at least \$300,000,000.

20.2. Ratio of Senior Debt to Tangible Net Worth. The Lessee, from and after the earlier to occur of (a) the ITEL Rail Merger and (b) January 1, 1990, will not permit the ratio of Senior Debt to Tangible Net Worth to exceed 4 to 1.

20.3. Subordinated Debt to Tangible Net Worth. The Lessee, from and after the earlier to occur of (a) the ITEL Rail Merger and (b) January 1, 1990, will not permit Unsecured Subordinated Debt to exceed Tangible Net Worth.

20.4. Certain Definitions. For purposes of this Section 20 the following terms shall have the following meanings:

"Investment" shall mean, as applied to Lessee, any direct or indirect purchase or other acquisition by Lessee of stock or other Securities, or of a beneficial interest in stock or other Securities, of any other Person, and any direct or indirect loan (other than loans made in the ordinary course of business of the Lessee to a Person unaffiliated with the Lessee), advance (including deposits with financial institutions, but excluding prepaid expenses, accounts receivable and similar items made or incurred in the ordinary course of business and demand deposit accounts with financial institutions that are desirable for the conduct of Lessee's business), or capital contribution by Lessee to any other Person. The amount of any Investment shall be determined in conformity with generally accepted accounting principles as in effect on the Equipment Closing Date.

"Permitted Investments" shall mean (a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency thereof and maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than 270 days from the date of creation and having at the time such Investment is made a rating of at least A-1 from Standard & Poor's Corporation or at least P-1 from Moody's Investors Service, Inc., (iii) certificates of deposit of any banking institution existing under the laws of the United States of America or any state thereof having capital, surplus and undivided profits (or the equivalent) of at least \$100,000,000 and having at the time such Investment is made, a long term deposit rating of at least A from Standard & Poor's Corporation or its equivalent from Moody's Investors Service, Inc. (such banking institution being hereinafter referred to as a "Permitted Bank"), (iv) money market preferred stock having at the time such Investment is made, a rating of at least AA from Standard & Poor's Corporation or its equivalent from Moody's Investor Services, Inc., (v) repurchase obligations of Permitted Banks, (vi) Investments in any Subsidiary of the Lessee, (vii) certificates of deposit of non-Permitted Banks in an amount not to exceed either \$10,000,000 in the aggregate or \$1,000,000 with any one such institution, or (viii) certificates of deposit of any banking institution existing under the laws of Canada or any province thereof having capital, surplus and undivided profits (or the equivalent) of at least \$250,000,000 (Canadian) and having at the time such investment is made, a long-term deposit rating of at least A from Standard & Poor's Corporation or its equivalent from Moody's Investors Service, Inc., not to exceed \$10,000,000 (Canadian) in the aggregate.

"Senior Debt" means indebtedness of any term of maturity incurred in respect of (i) money borrowed or raised, (ii) any bond, note, loan, stock, debenture or similar instrument, (iii) acceptance or documentary credit facilities, (iv) the deferred payment for assets or services acquired (other than payments deferred for not more than 60 days for assets or services acquired, where such deferral is granted or acquisition is made in the ordinary course of business), (v) rental payments under leases (whether in respect of land, machinery, equipment or otherwise) which are treated as financing leases for the purposes of generally accepted accounting principles in the United States of America as in force at the date of this Lease, (vi) the present value (discounted at a per annum rate equal to the interest rate on the debt incurred by the lessor in connection with the acquisition of the equipment subject to such lease, or if there is no such rate or the Lessee does not know such rate, at the Prime Rate in effect at the inception of such lease) of all rentals under operating leases and (vii) guarantees or other assurances against financial loss in respect of Senior Debt of any Person. Senior Debt shall not include any Unsecured Subordinated Debt.

"Tangible Assets" means all of the assets of the Lessee and its Subsidiaries on a consolidated basis as determined in accordance with generally accepted accounting principles consistently applied (except that with respect to any accounting adjustments made in connection with the Itel Rail Merger or the acquisition of the Lessee by Itel Corporation on September 23, 1988, the Lessee shall be permitted to utilize for the purposes of determining Tangible Assets generally accepted accounting principles in effect on the Equipment Closing Date) except: (a) patents, copyrights, trademarks, trade names, franchises, goodwill, and other intangibles; (b) unamortized debt discount and expense; (c) fixed assets to the extent of any write-up in the book value thereof resulting from a revaluation effective after the Equipment Closing Date (other than any write-up in connection with the consummation of the Itel Rail Merger or in connection with the acquisition of the Lessee by Itel Corporation on September 23, 1988); and (d) Investments which are not Permitted Investments.

"Tangible Net Worth" means, at any date: (a) the book value (net of depreciation, obsolescence, amortization, valuation, and other proper reserves as determined in accordance with generally accepted accounting principles consistently applied (except that with respect to any accounting adjustments made in connection with the Itel Rail Merger or the acquisition of the Lessee by Itel Corporation on September 23, 1988, the Lessee shall be permitted to utilize for the purposes of determining Tangible Net Worth generally accepted accounting principles in effect on the Equipment

Closing Date)) at which Tangible Assets would be shown on a consolidated balance sheet of the Lessee and its Subsidiaries at such date prepared in accordance with generally accepted accounting principles consistently applied; less (b) the amount at which the liabilities of the Lessee and its Subsidiaries would be shown on such consolidated balance sheet.

"Unsecured Subordinated Debt" means any unsecured indebtedness which would be Senior Debt but for the fact that it is junior and subordinated in right of payment or otherwise to any Senior Debt of the Lessee.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice provided for in this Lease shall be in writing or by a telecommunications device capable of creating a written record, and shall be effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or, (c) in the case of notice by such a telecommunications device, when properly transmitted, addressed to each party at the following addresses:

If to the Owner-Trustee:

Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890  
Attention: Corporate Trust Administration  
Fax No.: (302) 651-8464  
Confirmation No.: (302) 651-8355

If to the Trustor:

GATX Rail Lease, Inc.  
Four Embarcadero Center, Suite 2200  
San Francisco, California 94111  
Attention: Contracts Administration  
Fax No.: (415) 955-3415  
Confirmation No.: (415) 955-3200

If to the Security  
Trustee:

The Connecticut Bank and Trust Company,  
National Association  
One Constitution Plaza  
Hartford, Connecticut 06115  
Attention: Corporate Trust Department  
Fax No.: (203) 244-6999  
Confirmation No.: (203) 244-5127

If to the Lessee:

Pullman Leasing Company  
200 South Michigan Avenue  
Chicago, Illinois 60601  
Attention: Vice President - Finance  
Fax No.: (312) 322-7273  
Confirmation No.: (312) 322-7242

with a copy to:

Signal Capital Holdings Corporation  
Liberty Lane  
Hampton, New Hampshire 03842  
Attention: General Counsel  
Fax No.: (603) 926-7467  
Confirmation No.: (603) 929-3000

or as to any of the foregoing parties at such other address as such party may designate by notice duly given in accordance with this Section to the other parties.

21.2. Right of Owner-Trustee to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Owner-Trustee or the Trustor may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance, subject to Section 7 of the Security Agreement. Any payment so made by any such party and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as Additional Rent hereunder, with interest thereon at the Late Rate. No such action shall be deemed a repossession of any of the Equipment, and no such advance, performance or other act shall be deemed to relieve the Lessee from any default hereunder.

21.3. No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Owner-Trustee upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Owner-Trustee, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default. All waivers under this Lease must be in writing, but any breach or default, once waived in writing, shall not be deemed to be continuing for any purpose of the Operative Agreements. All remedies either under this Lease or by law afforded to the Owner-Trustee shall be cumulative and not alternative.

21.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument; provided, however, that to the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Security Trustee on the signature page hereof which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code.

21.5. Law Governing. This Lease shall be construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

21.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

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

21.8. True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale" and that the Owner-Trustee shall at all times be considered to be the owner of the Equipment which is the subject of this Lease for the purposes of all federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in the Equipment except as lessee.

21.9. Limitations of Liability. It is expressly understood and agreed by and between the Owner-Trustee and the Lessee and their respective successors and assigns that this Lease is executed by Wilmington Trust Company, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Owner-Trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal

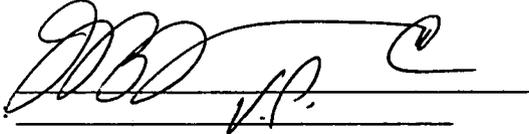
representations, warranties, undertakings and agreements by Wilmington Trust Company or the Trustor, or for the purpose or with the intention of binding Wilmington Trust Company or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by Wilmington Trust Company solely in the exercise of the powers expressly conferred upon Wilmington Trust Company as trustee under the Trust Agreement, that actions taken by the Owner-Trustee pursuant to its obligations hereunder may, in certain instances, be taken by the Owner-Trustee only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability of Wilmington Trust Company or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Wilmington Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee, and that so far as Wilmington Trust Company or the Trustor, individually or personally is concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined under this Lease; provided, that nothing in this Section 21.9 shall be construed to limit in scope or substance those representations and warranties, of Wilmington Trust Company made expressly in its individual capacity set forth in the Participation Agreement and the Security Agreement or the representations and warranties of the Trustor in the Participation Agreement. The term "Owner-Trustee" as used in this Lease shall include any trustee succeeding Wilmington Trust Company as Trustee under the Trust Agreement or the Trustor if the trust created thereby is revoked. Any obligation of the Owner-Trustee hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

0122.0.0

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

WILMINGTON TRUST COMPANY,  
not in its individual  
capacity but solely  
as Trustee under Pullman  
Leasing Trust No. 88-1

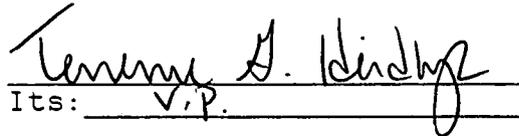
By:  
Its:

  
\_\_\_\_\_

PULLMAN LEASING COMPANY

By:

Its:

  
\_\_\_\_\_ V.P.

STATE OF ILLINOIS )  
 )  
COUNTY OF COOK ) SS:

On this 29<sup>th</sup> day of December 1988, before me personally appeared WILLIAM B. SOWDEN III, to me personally known, who being duly sworn, says that he is a (\*) VICE PRESIDENT of WILMINGTON TRUST COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

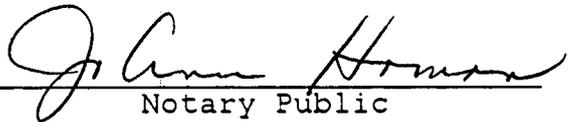
[NOTARIAL SEAL]

My Commission Expires:

My Commission Expires July 15, 1989

STATE OF ILLINOIS )  
 )  
COUNTY OF COOK ) SS:

On this 29<sup>th</sup> day of December 1988, before me personally appeared TERRENCE G. HEIDRAMP, to me personally known, who being by me duly sworn, says that he is a (\*) VICE PRESIDENT of PULLMAN LEASING COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

My Commission Expires July 15, 1989

0124.0.0

Pullman Leasing Trust No. 88-1

[Form of Security Trustee's receipt to appear only  
in "original" counterpart for purposes of Section 21.4.]

Receipt of this original counterpart of the foregoing  
Lease is hereby acknowledged this \_\_\_\_ day of December, 1988.

THE CONNECTICUT BANK AND TRUST  
COMPANY, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_

DESCRIPTION OF ITEMS OF EQUIPMENT

Equipment Closing Date:

December 30, 1988

Description of Items:

400 100-Ton 5850 cfc  
Covered Hopper Cars  
Marked and Numbered  
PLCX46450 through  
PLCX46849, inclusive

250 100-Ton 3000 cfc  
Covered Hopper Cars  
Marked and Numbered  
BN 441500 through  
BN 441749, inclusive

150 23,500-Gallon  
Coiled and Insulated  
Tank Cars Marked and  
Numbered PLCX224527  
through PLCX224626,  
inclusive, and  
PLCX224635 through  
PLCX224684, inclusive

50 30,000-Gallon Non-  
Coiled and Non-Insulated  
Tank Cars Marked and  
Numbered PLCX129035  
through PLCX129084,  
inclusive

50 20,000-Gallon  
Coiled and Insulated  
Tank Cars Marked and  
Numbered PLCX220521  
through PLCX220570,  
inclusive

SCHEDULE A  
(to Equipment Lease)

**Interim &  
Fixed Rent**

-----  
(as % of Equipment Cost)

Type of Equipment: 100 Ton 5850 CFC Covered Hopper Cars

Date	Rent
-----	-----
1/15/89	0.431846
7/15/89	4.043080
1/15/90	4.649410
7/15/90	4.010430
1/15/91	4.682061
7/15/91	3.974262
1/15/92	4.718229
7/15/92	3.934200
1/15/93	4.758291
7/15/93	3.889822
1/15/94	4.802669
7/15/94	3.840665
1/15/95	4.851825
7/15/95	3.786214
1/15/96	4.906276
7/15/96	3.725899
1/15/97	4.966592
7/15/97	3.859088
1/15/98	6.965068
7/15/98	3.481061
1/15/99	7.143095
7/15/99	6.830863
1/15/2000	3.793292
7/15/2000	6.965203
1/15/2001	3.658953
7/15/2001	7.085152
1/15/2002	3.539003
7/15/2002	8.094042
1/15/2003	2.530113
7/15/2003	8.410713
1/15/2004	2.213443
7/15/2004	8.763429
1/15/2005	1.860726
7/15/2005	9.156296
1/15/2006	1.467860
7/15/2006	9.593882
1/15/2007	1.030273
7/15/2007	10.081279
1/15/2008	0.542877
7/15/2008	10.624155
1/15/2009	0.000000

(Pullman Leasing Trust No. 88-1)

Schedule B-1  
(to Equipment Lease)

Interim &  
Fixed Rent  
-----

(as % of Equipment Cost)

Type of Equipment: 100 Ton 3000 CFC Covered Hopper Cars

Date	Rent
-----	-----
1/15/89	0.439248
7/15/89	4.067722
1/15/90	4.773755
7/15/90	4.029703
1/15/91	4.811774
7/15/91	3.987588
1/15/92	4.853889
7/15/92	3.940938
1/15/93	4.900539
7/15/93	3.889263
1/15/94	4.952214
7/15/94	3.832023
1/15/95	5.009454
7/15/95	3.768619
1/15/96	5.072858
7/15/96	3.698385
1/15/97	5.143092
7/15/97	3.620588
1/15/98	7.185662
7/15/98	3.428609
1/15/99	7.377641
7/15/99	7.052413
1/15/2000	3.753836
7/15/2000	7.197629
1/15/2001	3.608620
7/15/2001	7.327276
1/15/2002	3.478974
7/15/2002	7.678720
1/15/2003	3.127529
7/15/2003	8.554869
1/15/2004	2.251381
7/15/2004	8.913631
1/15/2005	1.892618
7/15/2005	9.313231
1/15/2006	1.493018
7/15/2006	9.758318
1/15/2007	1.047932
7/15/2007	10.254068
1/15/2008	0.552182
7/15/2008	10.806250
1/15/2009	0.000000

(Pullman Leasing Trust No. 88-1)

Schedule B-2  
(to Equipment Lease)

**Interim &  
Fixed Rent**

-----  
(as % of Equipment Cost)

**Type of Equipment: 23,500 Gal. Exterior Coiled and Insulated Tank Cars**

Date	Rent
-----	-----
1/15/89	0.443468
7/15/89	4.077317
1/15/90	4.849103
7/15/90	4.035756
1/15/91	4.890663
7/15/91	3.989720
1/15/92	4.936700
7/15/92	3.938725
1/15/93	4.987695
7/15/93	3.882238
1/15/94	5.044182
7/15/94	3.819667
1/15/95	5.106753
7/15/95	3.750357
1/15/96	5.176062
7/15/96	3.673583
1/15/97	5.252836
7/15/97	3.988540
1/15/98	7.321528
7/15/98	3.387519
1/15/99	7.522549
7/15/99	7.176762
1/15/2000	3.733307
7/15/2000	7.329925
1/15/2001	3.580144
7/15/2001	7.465104
1/15/2002	3.444965
7/15/2002	7.831727
1/15/2003	3.078342
7/15/2003	8.002076
1/15/2004	2.907992
7/15/2004	8.999267
1/15/2005	1.910801
7/15/2005	9.402706
1/15/2006	1.507362
7/15/2006	9.852069
1/15/2007	1.058000
7/15/2007	10.352582
1/15/2008	0.557487
7/15/2008	10.910069
1/15/2009	0.000000

(Pullman Leasing Trust No. 88-1)

Schedule B-3  
(to Equipment Lease)

Interim &  
Fixed Rent

-----  
(as % of Equipment Cost)

Type of Equipment: 30,000 Gal. Non-Coiled Non-Insulated Tank Cars

Date	Rent
-----	-----
1/15/89	0.438094
7/15/89	4.063882
1/15/90	4.754375
7/15/90	4.026699
1/15/91	4.791558
7/15/91	3.985511
1/15/92	4.832746
7/15/92	3.939888
1/15/93	4.878369
7/15/93	3.889350
1/15/94	4.928907
7/15/94	3.833370
1/15/95	4.984887
7/15/95	3.771361
1/15/96	5.046896
7/15/96	3.702674
1/15/97	5.115583
7/15/97	3.626588
1/15/98	7.151281
7/15/98	3.436784
1/15/99	7.341086
7/15/99	7.017884
1/15/2000	3.759986
7/15/2000	7.161405
1/15/2001	3.616465
7/15/2001	7.289540
1/15/2002	3.488329
7/15/2002	7.636825
1/15/2003	3.141045
7/15/2003	8.532402
1/15/2004	2.245468
7/15/2004	8.890222
1/15/2005	1.887648
7/15/2005	9.288772
1/15/2006	1.489097
7/15/2006	9.732690
1/15/2007	1.045180
7/15/2007	10.227138
1/15/2008	0.550731
7/15/2008	10.777870
1/15/2009	0.000000

(Pullman Leasing Trust No. 88-1)

Schedule B-4  
(to Equipment Lease)

**Interim &  
Fixed Rent**

-----  
(as % of Equipment Cost)

**Type of Equipment: 20,000 Gal. Exterior Coiled and Insulated Tank Cars**

Date	Rent
-----	-----
1/15/89	0.438965
7/15/89	4.069292
1/15/90	4.766502
7/15/90	4.031747
1/15/91	4.804046
7/15/91	3.990159
1/15/92	4.845635
7/15/92	3.944091
1/15/93	4.891702
7/15/93	3.893062
1/15/94	4.942731
7/15/94	3.836538
1/15/95	4.999256
7/15/95	3.773925
1/15/96	5.061868
7/15/96	3.704570
1/15/97	5.131224
7/15/97	3.627744
1/15/98	7.171558
7/15/98	7.585811
1/15/99	3.213492
7/15/99	7.087988
1/15/2000	3.711315
7/15/2000	7.195420
1/15/2001	3.603883
7/15/2001	7.324755
1/15/2002	3.474547
7/15/2002	7.676364
1/15/2003	3.122939
7/15/2003	8.506420
1/15/2004	2.292883
7/15/2004	8.907901
1/15/2005	1.891402
7/15/2005	9.307244
1/15/2006	1.492059
7/15/2006	9.752044
1/15/2007	1.047258
7/15/2007	10.247476
1/15/2008	0.551827
7/15/2008	10.799303
1/15/2009	0.000000

(Pullman Leasing Trust No. 88-1)

Schedule B-5  
(to Equipment Lease)

**Casualty Values**

(as % of Equipment Cost)

Type of Equipment: 100 Ton 5850 CFC Covered Hopper Cars

Date	Note Balance	Casualty Value
1/15/89	75.080416	101.876151
7/15/89	75.080416	103.480700
1/15/90	74.474086	104.378425
7/15/90	74.474086	105.471383
1/15/91	73.802454	105.846646
7/15/91	73.802454	106.552208
1/15/92	73.058488	106.529869
7/15/92	73.058488	106.960626
1/15/93	72.234396	106.628195
7/15/93	72.234396	106.860924
1/15/94	71.321549	106.259139
7/15/94	71.321549	106.319698
1/15/95	70.310389	105.480196
7/15/95	70.310389	105.480196
1/15/96	69.190328	104.531792
7/15/96	69.190328	104.531792
1/15/97	67.949635	103.462758
7/15/97	67.949635	103.462758
1/15/98	64.643655	100.328436
7/15/98	64.643655	100.328436
1/15/99	60.981621	96.838060
7/15/99	57.434618	93.291057
1/15/2000	57.434618	92.768696
7/15/2000	54.690736	88.912970
1/15/2001	54.690736	88.377464
7/15/2001	51.758330	84.255320
1/15/2002	51.758330	83.682323
7/15/2002	46.984461	78.395316
1/15/2003	46.984461	78.617104
7/15/2003	41.103862	72.859738
1/15/2004	41.103862	73.232894
7/15/2004	34.553875	66.970102
1/15/2005	34.553875	67.522133
7/15/2005	27.258306	60.707839
1/15/2006	27.258306	61.471096
7/15/2006	19.132284	54.054985
1/15/2007	19.132284	55.066465
7/15/2007	10.081279	46.993498
1/15/2008	10.081279	48.295454
7/15/2008	0.000000	39.506035
1/15/2009	0.000000	40.975900

Original Equipment Cost: \$17,571,299.00

(Pullman Leasing Trust No. 88-1)

Schedule C-1  
(to Equipment Lease)

**Casualty Values**  
-----  
(as % of Equipment Cost)

Type of Equipment: 100 Ton 3000 CFC Covered Hopper Cars

Date	Loan Balance	Casualty Value
-----		
1/15/89	75.538022	101.861231
7/15/89	75.538022	103.408151
1/15/90	74.831990	104.152283
7/15/90	74.831990	105.194673
1/15/91	74.049918	105.412208
7/15/91	74.049918	106.072967
1/15/92	73.183617	105.886038
7/15/92	73.183617	106.276464
1/15/93	72.224016	105.770280
7/15/93	72.224016	105.966435
1/15/94	71.161065	105.180075
7/15/94	71.161065	105.213135
1/15/95	69.983635	104.207362
7/15/95	69.983635	104.207362
1/15/96	68.679395	103.074781
7/15/96	68.679395	103.074781
1/15/97	67.234689	101.801733
7/15/97	67.234689	101.801733
1/15/98	63.669616	98.408317
7/15/98	63.669616	98.408317
1/15/99	59.720583	94.630943
7/15/99	55.884124	90.794483
1/15/2000	55.884124	90.227587
7/15/2000	52.918411	86.056225
1/15/2001	52.918411	85.475082
7/15/2001	49.748932	81.015687
1/15/2002	49.748932	80.393960
7/15/2002	46.156290	75.413962
1/15/2003	46.156290	74.950724
7/15/2003	41.808368	68.911791
1/15/2004	41.808368	69.091915
7/15/2004	35.146117	62.507136
1/15/2005	35.146117	62.841175
7/15/2005	27.725504	55.674948
1/15/2006	27.725504	56.202123
7/15/2006	19.460204	48.400897
1/15/2007	19.460204	49.156443
7/15/2007	10.254068	40.661702
1/15/2008	10.254068	41.685914
7/15/2008	0.000000	32.434183
1/15/2009	0.000000	33.602300

Original Equipment Cost: \$7,439,972.00

(Pullman Leasing Trust No. 88-1)

Schedule C-2  
(to Equipment Lease)

**Casualty Values**

-----  
(as % of Equipment Cost)

Type of Equipment: 23,500 Gal. Exterior Coiled and Insulated Tank Cars

Date	Loan Balance	Casualty Value
-----	-----	-----
1/15/89	75.716194	101.855054
7/15/89	75.716194	103.385289
1/15/90	74.944408	104.048029
7/15/90	74.944408	105.075769
1/15/91	74.089501	105.206905
7/15/91	74.089501	105.855022
1/15/92	73.142521	105.575819
7/15/92	73.142521	105.955566
1/15/93	72.093550	105.350408
7/15/93	72.093550	105.537941
1/15/94	70.931606	104.645177
7/15/94	70.931606	104.672862
1/15/95	69.644520	103.557434
7/15/95	69.644520	103.557434
1/15/96	68.218816	102.303387
7/15/96	68.218816	102.303387
1/15/97	66.639562	100.895792
7/15/97	66.639562	100.895792
1/15/98	62.906575	97.334462
7/15/98	62.906575	97.334462
1/15/99	58.771544	93.371090
7/15/99	55.004719	89.359176
1/15/2000	55.004719	88.765332
7/15/2000	51.912902	84.414257
1/15/2001	51.912902	83.807205
7/15/2001	48.608599	79.155763
1/15/2002	48.608599	78.506288
7/15/2002	44.862910	73.311795
1/15/2003	44.862910	72.827624
7/15/2003	41.069179	67.271368
1/15/2004	41.069179	66.753615
7/15/2004	35.483776	59.998556
1/15/2005	35.483776	60.212386
7/15/2005	27.991871	52.851371
1/15/2006	27.991871	53.250907
7/15/2006	19.647164	45.238173
1/15/2007	19.647164	45.857083
7/15/2007	10.352582	37.132481
1/15/2008	10.352582	38.010420
7/15/2008	0.000000	28.508782
1/15/2009	0.000000	29.520300

Original Equipment Cost: \$6,605,633.00

(Pullman Leasing Trust No. 88-1)

Schedule C-3  
(to Equipment Lease)

**Casualty Values**

(as % of Equipment Cost)

Type of Equipment: 30,000 Gal. Non-Coiled Non-Insulated Tank Cars

<u>Date</u>	<u>Loan Balance</u>	<u>Casualty Value</u>
1/15/89	75.466703	101.863668
7/15/89	75.466703	103.420224
1/15/90	74.776209	104.188847
7/15/90	74.776209	105.239581
1/15/91	74.011350	105.482078
7/15/91	74.011350	106.150136
1/15/92	73.164115	105.989116
7/15/92	73.164115	106.386039
1/15/93	72.225634	108.907106
7/15/93	72.225634	106.109098
1/15/94	71.186077	105.351606
7/15/94	71.186077	105.389015
1/15/95	70.034561	104.409157
7/15/95	70.034561	104.409157
1/15/96	68.759026	103.305280
7/15/96	68.759026	103.305280
1/15/97	67.346116	102.064028
7/15/97	67.346116	102.064028
1/15/98	63.821423	98.710993
7/15/98	63.821423	98.710993
1/15/99	59.917121	94.978349
7/15/99	56.125774	91.187002
1/15/2000	56.125774	90.627136
7/15/2000	53.194634	86.505067
1/15/2001	53.194634	85.931132
7/15/2001	50.062104	81.524404
1/15/2002	50.062104	80.910371
7/15/2002	46.511404	75.989191
1/15/2003	46.511404	75.531756
7/15/2003	41.698568	69.534615
1/15/2004	41.698568	69.736264
7/15/2004	35.053814	63.201195
1/15/2005	35.053814	63.568739
7/15/2005	27.652689	56.456899
1/15/2006	27.652689	57.020417
7/15/2006	19.409097	49.278778
1/15/2007	19.409097	50.073797
7/15/2007	10.227138	41.644401
1/15/2008	10.227138	42.711539
7/15/2008	0.000000	33.531537
1/15/2009	0.000000	34.746400

Original Equipment cost: \$1,870,698.00

(Pullman Leasing Trust No. 88-1)

Schedule C-4  
(to Equipment Lease)

**Casualty Values**  
-----  
(as % of Equipment Cost)

Type of Equipment: 20,000 Gal. Exterior Coiled and Insulated Tank Cars

Date	Loan Balance	Casualty Value
-----	-----	-----
1/15/89	75.567161	101.860666
7/15/89	75.567161	103.401731
1/15/90	74.869951	104.149197
7/15/90	74.869951	105.186391
1/15/91	74.097651	105.408733
7/15/91	74.097651	106.064650
1/15/92	73.242175	105.883776
7/15/92	73.242175	106.269422
1/15/93	72.294564	105.770395
7/15/93	72.294564	105.961608
1/15/94	71.244896	105.183468
7/15/94	71.244896	105.212189
1/15/95	70.082178	104.221129
7/15/95	70.082178	104.221129
1/15/96	68.794235	103.104845
7/15/96	68.794235	103.104845
1/15/97	67.367581	101.849849
7/15/97	67.367581	101.849849
1/15/98	63.823767	98.477692
7/15/98	59.674865	94.328791
1/15/99	59.674865	94.500449
7/15/99	55.800369	90.625952
1/15/2000	55.800369	90.096963
7/15/2000	52.832162	85.923437
1/15/2001	52.832162	85.342556
7/15/2001	49.661183	80.881189
1/15/2002	49.661183	80.259342
7/15/2002	46.066851	75.277133
1/15/2003	46.066851	74.813855
7/15/2003	41.781490	68.818778
1/15/2004	41.781490	68.955314
7/15/2004	35.123522	62.370943
1/15/2005	35.123522	62.700725
7/15/2005	27.707680	55.534585
1/15/2006	27.707680	56.056578
7/15/2006	19.447694	48.254948
1/15/2007	19.447694	49.004181
7/15/2007	10.247476	40.508410
1/15/2008	10.247476	41.524967
7/15/2008	0.000000	32.271423
1/15/2009	0.000000	33.430300

Original Equipment Cost: \$1,944,347.00

(Pullman Leasing Trust NO. 88-1)

Schedule C-5  
(to Equipment Lease)

Termination Values  
-----  
(as % of Equipment Cost)

Type of Equipment: 100 Ton 5850 CFC Covered Hopper Cars

Date	Note Balance	Termination Value
-----	-----	-----
1/15/89	75.080416	101.876151
7/15/89	75.080416	103.480700
1/15/90	74.474086	104.378425
7/15/90	74.474086	105.471383
1/15/91	73.802454	105.846646
7/15/91	73.802454	106.552208
1/15/92	73.058488	106.529869
7/15/92	73.058488	106.960626
1/15/93	72.234396	106.628195
7/15/93	72.234396	106.860924
1/15/94	71.321549	106.259139
7/15/94	71.321549	106.319698
1/15/95	70.310389	105.480196
7/15/95	70.310389	105.480196
1/15/96	69.190328	104.531792
7/15/96	69.190328	104.531792
1/15/97	67.949635	103.462758
7/15/97	67.949635	103.462758
1/15/98	64.643655	100.328436
7/15/98	64.643655	100.328436
1/15/99	60.981621	96.838060
7/15/99	57.434618	93.291057
1/15/2000	57.434618	92.768696
7/15/2000	54.690736	88.912970
1/15/2001	54.690736	88.377464
7/15/2001	51.758330	84.255320
1/15/2002	51.758330	83.682323
7/15/2002	46.984461	78.395316
1/15/2003	46.984461	78.617104
7/15/2003	41.103862	72.859738
1/15/2004	41.103862	73.232894
7/15/2004	34.553875	66.970102
1/15/2005	34.553875	67.522133
7/15/2005	27.258306	60.707839
1/15/2006	27.258306	61.471096
7/15/2006	19.132284	54.054985
1/15/2007	19.132284	55.066465
7/15/2007	10.081279	46.993498
1/15/2008	10.081279	48.295454
7/15/2008	0.000000	39.506035
1/15/2009	0.000000	40.975900

Original Equipment Cost: \$17,571,299.00

(Pullman Leasing Trust No. 88-1)

Schedule D-1  
(to Equipment Lease)

Termination Values  
-----  
(as % of Equipment Cost)

Type of Equipment: 100 Ton 3000 CFC Covered Hopper Cars

Date	Loan Balance	Termination Value
-----	-----	-----
1/15/89	75.538022	101.861231
7/15/89	75.538022	103.408151
1/15/90	74.831990	104.152283
7/15/90	74.831990	105.194673
1/15/91	74.049918	105.412208
7/15/91	74.049918	106.072967
1/15/92	73.183617	105.886038
7/15/92	73.183617	106.276464
1/15/93	72.224016	105.770280
7/15/93	72.224016	105.966435
1/15/94	71.161065	105.180075
7/15/94	71.161065	105.213135
1/15/95	69.983635	104.207362
7/15/95	69.983635	104.207362
1/15/96	68.679395	103.074781
7/15/96	68.679395	103.074781
1/15/97	67.234689	101.801733
7/15/97	67.234689	101.801733
1/15/98	63.669616	98.408317
7/15/98	63.669616	98.408317
1/15/99	59.720583	94.630943
7/15/99	55.884124	90.794483
1/15/2000	55.884124	90.227587
7/15/2000	52.918411	86.056225
1/15/2001	52.918411	85.475082
7/15/2001	49.748932	81.015687
1/15/2002	49.748932	80.393960
7/15/2002	46.156290	75.413962
1/15/2003	46.156290	74.950724
7/15/2003	41.808368	68.911791
1/15/2004	41.808368	69.091915
7/15/2004	35.146117	62.507136
1/15/2005	35.146117	62.841175
7/15/2005	27.725504	55.674948
1/15/2006	27.725504	56.202123
7/15/2006	19.460204	48.400897
1/15/2007	19.460204	49.156443
7/15/2007	10.254068	40.661702
1/15/2008	10.254068	41.685914
7/15/2008	0.000000	32.434183
1/15/2009	0.000000	33.602300

Original Equipment Cost: \$7,439,972.00

(Pullman Leasing Trust No. 88-1)

Schedule D-2  
(to Equipment Lease)

**Termination Values**  
 -----  
 (as % of Equipment Cost)

Type of Equipment: 23,500 Gal. Exterior Coiled and Insulated Tank Cars

Date	Loan Balance	Termination Value
-----	-----	-----
1/15/89	75.716194	101.855054
7/15/89	75.716194	103.385289
1/15/90	74.944408	104.048029
7/15/90	74.944408	105.075769
1/15/91	74.089501	105.206905
7/15/91	74.089501	105.855022
1/15/92	73.142521	105.575819
7/15/92	73.142521	105.955566
1/15/93	72.093550	105.350408
7/15/93	72.093550	105.537941
1/15/94	70.931606	104.645177
7/15/94	70.931606	104.672862
1/15/95	69.644520	103.557434
7/15/95	69.644520	103.557434
1/15/96	68.218816	102.303387
7/15/96	68.218816	102.303387
1/15/97	66.639562	100.895792
7/15/97	66.639562	100.895792
1/15/98	62.906575	97.334462
7/15/98	62.906575	97.334462
1/15/99	58.771544	93.371090
7/15/99	55.004719	89.359176
1/15/2000	55.004719	88.765332
7/15/2000	51.912902	84.414257
1/15/2001	51.912902	83.807205
7/15/2001	48.608599	79.155763
1/15/2002	48.608599	78.506288
7/15/2002	44.862910	73.311795
1/15/2003	44.862910	72.827624
7/15/2003	41.069179	67.271368
1/15/2004	41.069179	66.753615
7/15/2004	35.483776	59.998556
1/15/2005	35.483776	60.212386
7/15/2005	27.991871	52.851371
1/15/2006	27.991871	53.250907
7/15/2006	19.647164	45.238173
1/15/2007	19.647164	45.857083
7/15/2007	10.352582	37.132481
1/15/2008	10.352582	38.010420
7/15/2008	0.000000	28.508782
1/15/2009	0.000000	29.520300

Original Equipment Cost: \$6,605,633.00

(Pullman Leasing Trust No. 88-1

Schedule D-3  
 (to Equipment Lease)

**Termination Values**  
 -----  
 (as % of Equipment Cost)

Type of Equipment: 30,000 Gal. Non-Coiled Non-Insulated Tank Cars

Date	Loan Balance	Termination Value
-----	-----	-----
1/15/89	75.466703	101.863668
7/15/89	75.466703	103.420224
1/15/90	74.776209	104.188847
7/15/90	74.776209	105.239581
1/15/91	74.011350	105.482078
7/15/91	74.011350	106.150136
1/15/92	73.164115	105.989116
7/15/92	73.164115	106.386039
1/15/93	72.225634	105.907106
7/15/93	72.225634	106.109098
1/15/94	71.186077	105.351606
7/15/94	71.186077	105.389015
1/15/95	70.034561	104.409157
7/15/95	70.034561	104.409157
1/15/96	68.759026	103.305280
7/15/96	68.759026	103.305280
1/15/97	67.346116	102.064028
7/15/97	67.346116	102.064028
1/15/98	63.821423	98.710993
7/15/98	63.821423	98.710993
1/15/99	59.917121	94.978349
7/15/99	56.125774	91.187002
1/15/2000	56.125774	90.627136
7/15/2000	53.194634	86.505067
1/15/2001	53.194634	85.931132
7/15/2001	50.062104	81.524404
1/15/2002	50.062104	80.910371
7/15/2002	46.511404	75.989191
1/15/2003	46.511404	75.531756
7/15/2003	41.698568	69.534615
1/15/2004	41.698568	69.736264
7/15/2004	35.053814	63.201195
1/15/2005	35.053814	63.568739
7/15/2005	27.652689	56.456899
1/15/2006	27.652689	57.020417
7/15/2006	19.409097	49.278778
1/15/2007	19.409097	50.073797
7/15/2007	10.227138	41.644401
1/15/2008	10.227138	42.711539
7/15/2008	0.000000	33.531537
1/15/2009	0.000000	34.746400

Original Equipment Cost: \$1,870,698.00

(Pullman Leasing Trust No. 88-1)

Schedule D-4  
 (to Equipment Lease)

**Termination Values**

(as % of Equipment Cost)

Type of Equipment: 20,000 Gal. Exterior Coiled and Insulated Tank Cars

Date	Loan Balance	Termination Value
1/15/89	75.567161	101.860666
7/15/89	75.567161	103.401731
1/15/90	74.869951	104.149197
7/15/90	74.869951	105.186391
1/15/91	74.097651	105.408733
7/15/91	74.097651	106.064650
1/15/92	73.242175	105.883776
7/15/92	73.242175	106.269422
1/15/93	72.294564	105.770395
7/15/93	72.294564	105.961608
1/15/94	71.244896	105.183468
7/15/94	71.244896	105.212189
1/15/95	70.082178	104.221129
7/15/95	70.082178	104.221129
1/15/96	68.794235	103.104845
7/15/96	68.794235	103.104845
1/15/97	67.367581	101.849849
7/15/97	67.367581	101.849849
1/15/98	63.823767	98.477692
7/15/98	59.674865	94.328791
1/15/99	59.674865	94.500449
7/15/99	55.800369	90.625952
1/15/2000	55.800369	90.096963
7/15/2000	52.832162	85.923437
1/15/2001	52.832162	85.342556
7/15/2001	49.661183	80.881189
1/15/2002	49.661183	80.259342
7/15/2002	46.066851	75.277133
1/15/2003	46.066851	74.813855
7/15/2003	41.781490	68.818778
1/15/2004	41.781490	68.955314
7/15/2004	35.123522	62.370943
1/15/2005	35.123522	62.700725
7/15/2005	27.707680	55.534585
1/15/2006	27.707680	56.056578
7/15/2006	19.447694	48.254948
1/15/2007	19.447694	49.004181
7/15/2007	10.247476	40.508410
1/15/2008	10.247476	41.524967
7/15/2008	0.000000	32.271423
1/15/2009	0.000000	33.430300

Original Equipment Cost: \$1,944,347.00

(Pullman Leasing Trust No. 88-1)

Schedule D-5  
(to Equipment Lease)

PRICING ASSUMPTIONS

Delivery Date	12/30/88
Base Term Commencement Date	1/15/89
Debt Rate	10.77%
Leverage	75.342138%
Base Term	Ending 1/15/09
Trustor Corporate Formation Date	12/30/88
Interim Interest and Interim Rent Due	1/15/89
Interim Interest Rate	10.77%
Interim Rental Rate	Daily equivalent of average yearly base rental rate
Transaction Expenses	1.55271%; <u>provided, however,</u> that for the purposes of this Schedule E, Transaction Expenses shall not include amounts paid by the Trustor pursuant to the provisions of clause (xi) of Section 2.6(a) or Section 2.7 of the Participation Agreement.

Equipment Cost By Type:

<u>Qty</u>	<u>Description</u>	<u>Average Unit Cost</u>	<u>Extended Cost</u>
400	100-ton 5850 Hopper	\$43,928.25	\$17,571,299.00
250	100-ton 3000 Hopper	\$29,759.89	\$ 7,439,972.00
50	20,000 gallon Tank	\$38,886.93	\$ 1,944,347.00
50	30,000 gallon Tank	\$37,413.96	\$ 1,870,698.00
150	23,500 gallon Tank	\$44,037.55	\$ 6,605,633.00
			<u>\$35,431,949.00</u>

(Pullman Leasing Trust No. 88-1)

Schedule E  
(to Equipment Lease)

LEASE SUPPLEMENT NO. 1

This LEASE SUPPLEMENT NO. 1, dated December 30, 1988 between Wilmington Trust Company, a Delaware banking corporation, not individually but solely as trustee (the "Owner-Trustee") under the Trust Agreement establishing Pullman Leasing Trust No. 88-1, and Pullman Leasing Company, a Delaware corporation (the "Lessee");

W I T N E S S E T H:

The Owner-Trustee and the Lessee have heretofore entered into that certain Lease Agreement dated as of December 15, 1988 (the "Lease"). The terms used herein have the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof.

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

1. The Lessee hereby acknowledges and confirms that it has inspected and approved the following Equipment and on the date hereof the following Equipment has been unconditionally accepted by the Lessee and is now leased under the Lease.

<u>TYPE OF EQUIPMENT</u>	<u>EQUIPMENT COST PER ITEM</u>	<u>DATE ACCEPTED</u>	<u>NUMBER OF UNITS</u>	<u>MARKED AND NUMBERED</u>
100-ton 5850 cfc covered hopper cars	\$43,928.25	Dec. 30, 1988	400	PLCX 46450-46849 incl.
100-ton 3000 cfc covered hopper cars	29,759.89	Dec. 30, 1988	250	EN 441500-441749 incl.
23,500 gallon exterior coiled and insulated tank cars	44,037.55	Dec. 30, 1988	150	PLCX 224527-224626 incl. 224635-224684 incl.
30,000 gallon non-coiled, non-insulated tank cars	37,413.96	Dec. 30, 1988	50	PLCX 129035-129084 incl.
20,000 gallon exterior coiled and insulated tank cars	38,886.94	Dec. 30, 1988	<u>50</u>	PLCX 220521-220570 incl.
			<u>900</u>	

EXHIBIT A  
(to Equipment Lease)

The Lessee represents and warrants that the foregoing Items of Equipment are free and clear of all liens, claims and encumbrances except the Lien of the Security Agreement and except any Liens which may have been created by the Owner-Trustee. The Lessee certifies that the foregoing Items of Equipment are in good order and condition, and conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture or condition or in any other respect. The Lessee covenants that as soon as practicable but in any event not later than December 31, 1990 each Item will be labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Leased from Bank or Trust Company, as Trustee, and Subject to a Security Interest Recorded with the I.C.C."

2. The date of delivery and acceptance of the Equipment is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Total Equipment Cost for the Equipment is \$35,431,949.00.

4. The execution of this Lease Supplement will in no way relieve or decrease the responsibility of either Manufacturer for the warranties it has made with respect to the Equipment.

5. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of December 15, 1988", the "Lease dated as of December 15, 1988" or the "Equipment Lease dated as of December 15, 1988," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement unless the context shall otherwise require.

6. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, except as herein modified, shall be and remain in full force and effect.

7. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

8. There has been no prepayment of the Rent.

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

WILMINGTON TRUST COMPANY, not  
individually but solely as  
Trustee under Pullman Leasing  
Trust No. 88-1

By: \_\_\_\_\_  
Its: \_\_\_\_\_

PULLMAN LEASING COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

This Lease Supplement and the Lease referred to herein and the rentals and other sums due and to become due hereunder and thereunder have been assigned to and are subject to a security interest in favor of The Connecticut Bank and Trust Company, National Association, as Security Trustee under a Security Agreement-Trust Deed dated as of December 15, 1988 between said Security Trustee and the Owner-Trustee hereunder, as Debtor. Information concerning such security interest may be obtained from the Security Trustee at its address set forth in Section 21.1 of said Lease.

0133.0.0

STATE OF ILLINOIS            )  
                                  )  
COUNTY OF COOK                )     SS:

On this \_\_\_\_ day of December, 1988, before me personally appeared \_\_\_\_\_, to me personally known, who being duly sworn, says that he is a(n) \_\_\_\_\_ of WILMINGTON TRUST COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

[NOTARIAL SEAL]

My Commission Expires:  
\_\_\_\_\_

STATE OF ILLINOIS            )  
                                  )  
COUNTY OF COOK                )     SS:

On this \_\_\_\_ day of December, 1988, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is a(n) \_\_\_\_\_ of PULLMAN LEASING COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

[NOTARIAL SEAL]

DEFINITIONS

Re: PULLMAN LEASING TRUST NO. 88-1  
Annex 1

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## DEFINITIONS

Re: PULLMAN LEASING TRUST NO. 88-1

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Annex and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended and supplemented from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Defined Terms

"Additional Rent" shall mean all amounts, liabilities and obligations (other than Interim Rent and Fixed Rent) which the Lessee is obligated to pay under the Lease or the Participation Agreement, including, but not limited to, Termination Value and Casualty Value payments, and amounts, if any, payable, under Section 2.6 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.3 of the Lease) by the Lessee.

"Affiliate" shall mean a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under a common control with, the Lessee, (ii) which beneficially owns or holds 5% or more (by number of votes) of any class of the Voting Stock of the Lessee or (iii) 5% or more (by number of votes) of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Lessee or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Percentage" shall mean, with respect to any Noteholder, the fraction expressed as a percentage, the numerator of which is the principal balance of such

Noteholder's Note and the denominator of which is the principal balance of all Notes (including such Noteholder's Note). The Applicable Percentage of each original Note Purchaser is set forth by such Note Purchaser's name on Schedule 2 to the Participation Agreement.

"Appraisal Procedure" shall mean the following procedure for determining the Fair Market Value or the Fair Rental Value, as the case may be, of any property: If either party to the Lease shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within fifteen (15) days after such notice is given, each party shall appoint a qualified independent appraiser within twenty (20) days after such notice is given. If one party appoints an appraiser pursuant to the preceding sentence, the appraisal shall be made by such appraiser if the other party fails to appoint a second appraiser within the applicable time limit. If both parties appoint appraisers, the two appraisers so appointed shall within thirty (30) days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within thirty (30) days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine one or more of the Fair Market Value or the Fair Rental Value of such property within twenty (20) days after its or their appointment. If the parties shall have appointed a single appraiser, its determination of values shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final.

"Assigned Agreements" shall mean the Lease Agreement, the Purchase Agreements, the Purchase Agreement Assignment, the Guaranty, and all of the other agreements referred to in Section 1.3 of the Security Agreement.

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978 as amended from time to time, 11 U.S.C. §101 et seq.

"Base Term" shall have the meaning specified in Section 3 of the Lease.

"Base Term Commencement Date" shall have the meaning specified in Section 2.1 of the Lease.

"Beneficial Interest" shall mean the interest of the Trustor under the Trust Agreement.

"Bill of Sale" shall have the meaning specified in Section 4.1(g) of the Participation Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which banks in the states of Illinois, Delaware or Connecticut are authorized or permitted to be closed.

"Casualty Debt Percentage" shall mean, with respect to any Item of Equipment of any Type, as of any Casualty Value payment date, the percentage shown under the Note Balance Column on the applicable casualty schedule for such Type of Equipment.

"Casualty Occurrence" shall have the meaning specified in Section 11.2 of the Lease.

"Casualty Value" shall mean during the Interim Term and the Base Term the amount determined in accordance with Schedules C-1, C-2, C-3, C-4 or C-5 to the Lease, as the case may be, depending on the Type of Equipment, and during the Renewal Term, the amount determined in accordance with Section 18 of the Lease.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning specified in Section 1 of the Security Agreement.

"Default" under the Lease shall mean any event which would constitute an Event of Default under the Lease if any requirement in connection therewith for the giving of notice or the lapse of time, or both, had been satisfied.

"Default" under the Security Agreement shall mean any event which would constitute an Event of Default under the Security Agreement if any requirement in connection therewith for the giving of notice, or the lapse of time, or both, had been satisfied.

"Delayed Delivery Date" shall have the meaning specified in Section 2.3(b) of the Participation Agreement.

"Delivery Date" shall have the meaning specified in Section 2.3(a) of the Participation Agreement.

The term "employee benefit plan" has the meaning specified in Section 3 of ERISA.

"Enforcement Date" shall have the meaning specified in Section 7.3(a) of the Security Agreement.

"Equipment" shall mean collectively those items of railroad rolling stock described in Schedule A to the Lease, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed on any item thereof which are the property of the Owner-Trustee pursuant to the terms of the Lease, and "Item" or "Item of Equipment" shall mean individually the various items thereof.

"Equipment Closing Date" is defined in Section 2.3 of the Participation Agreement.

"Equipment Cost" shall mean, for each Item of Equipment, the price paid to the Lessee therefor pursuant to Section 2 of the Participation Agreement and as set forth in the Lease Supplement.

"Equipment Lease" or "Equipment Lease Agreement" - See "Lease."

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor law.

"Event of Default" under the Lease is defined in Section 14 thereof.

"Event of Default" under the Security Agreement is defined in Section 7.1 thereof.

"Excepted Rights in Collateral" shall mean the following described properties, rights, interests and privileges:

(a) the right of the Owner-Trustee or the Trustor to assent to a Permitted Contest under the Lease but not to the exclusion of any other affected Indemnified Parties;

(b) all payments of any indemnity under Section 5 of the Lease which by the terms thereof are payable to the Owner-Trustee or the Trustor for its own account;

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 11 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Owner-Trustee or the Trustor for its own account;

(d) all rights of the Owner-Trustee or the Trustor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Owner-Trustee or the Trustor on account of any such indemnities or payments referred to in paragraph (b) above and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverage referred to in paragraph (c) above, provided that the rights referred to in this paragraph (d) shall not be deemed to include the exercise of any remedies other than as provided for in Section 14.2(a) of the Lease;

(e) if an Event of Default under the Lease based solely on a breach of any covenant of the Lessee to pay any indemnity referred to in paragraph (b) above or to maintain any insurance referred to in paragraph (c) above shall occur and be continuing, the right of the Owner-Trustee or the Trustor to exercise the remedies, but only those remedies, provided for in Section 14.2(a) of the Lease, to enforce performance by the Lessee of any covenants of the Lessee to pay any such indemnity or payment directly to the Owner-Trustee or the Trustor or to maintain such insurance or recover damages for the breach of any such covenant;

(f) the right of the Owner-Trustee or the Trustor, but not to the exclusion of the Security Trustee, (i) to receive from the Lessee certificates and other documents and information which the Lessee is required to give or furnish to the Owner-Trustee or the Trustor, pursuant to the Lease, and (ii) to inspect the Equipment and all records relating thereto;

(g) so long as no Default or Event of Default under the Security Agreement has occurred and is continuing, the right, to the exclusion of the Security Trustee, to adjust Rent, Casualty Values and Termination Values as provided in Section 2.3 of the Lease and to exercise all rights of the Owner-Trustee provided in Section 18 of the Lease; and

(h) any rights of the Owner-Trustee and the Trustor under the Guaranty with respect to the guarantee thereunder of the payment of any amounts constituting Excepted Rights in Collateral identified in paragraphs (a) through (g) above.

"Fair Market Value" shall mean with respect to the Equipment or any Item thereof, the fair market sales value of

the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fair Rental Value" shall mean with respect to the Equipment or any Item thereof, the fair market rental value of the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fixed Rent" shall mean all rent payable pursuant to Section 2.1(b) of the Lease for the Base Term and all Rent payable pursuant to Section 18 of the Lease for the Renewal Term, if any.

"Guarantor" means Signal Capital Holdings Corporation, a Delaware corporation.

"Guaranty" means the Guaranty dated as of December 15, 1988, executed by the Guarantor in favor of the Owner-Trustee individually and as trustee, the Trustor, the Security Trustee and the Note Purchasers (and any other Noteholders), unconditionally guaranteeing the obligations of the Lessee.

"Guidelines" shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for federal income tax purposes.

"Indemnified Parties" shall mean the Participants, the Owner-Trustee, the Trust Estate and the Security Trustee, and successors, assigns, agents, servants, officers and employees of each of the foregoing.

"Interchange Rules" shall have the meaning specified in Section 7 of the Lease.

"Interest" shall mean the Beneficial Interest or a Note, individually, and "Interests" shall mean the Beneficial Interest and the Notes, collectively.

"Interim Rent" shall have the meaning specified in Section 2.1(a) of the Lease.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Itel Rail Merger" shall mean the transfer of the railcar assets of Itel Rail Corporation, a Delaware corporation, into the Lessee, by merger or otherwise.

"Item of Equipment" or "Item" shall mean each item of the Equipment.

"Late Rate" shall mean interest at the annual rate equal to the lesser of (a) the highest rate permitted by applicable law and (b) the greater of (i) 2% over the Prime Rate or (ii) 12.77%.

"Lease" or "Lease Agreement" or "Equipment Lease" shall mean the Equipment Lease Agreement dated as of December 15, 1988 between the Owner-Trustee, as lessor, and the Lessee, as lessee as amended or supplemented from time to time.

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

"Lessee" shall mean Pullman Leasing Company, a Delaware corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall mean the Purchase Agreements and the Operative Agreements to which the Lessee is a party.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance or other charge of any kind on property.

"Loan Value" shall have the meaning set forth in Section 5.1(c) of the Security Agreement.

"Macaulay Duration" shall mean with respect to any Note, the number obtained by dividing the Present Value of the Outstanding Dollar Years of such Note at the time of determination by the present value of the outstanding required payments of principal and interest on such Note at the time of determination. The original yield to maturity on such Note will serve as the discount rate (which shall be compounded on the same periodic basis as scheduled interest payments on such Note) for purposes of calculating the present value of the outstanding required payments of principal and interest on such Note.

"Manufacturer" shall mean Trinity Industries, Inc. with respect to all of the Equipment other than 50 23,500-gallon coiled and insulated tank cars, and Gulf

Railcar, Inc. with respect to such 50 23,500-gallon coiled and insulated tank cars.

"Net Economic Return" shall have the meaning specified in Section 2.3 of the Lease Agreement.

"Noteholder" shall mean the holder of any Note issued and outstanding under the Security Agreement.

"Note Purchaser" shall mean each Note Purchaser named in the Participation Agreement and its respective successors and assigns, including successive holders of the notes.

"Notes" shall mean the 10.77% Secured Notes due July 15, 2008 of the Owner-Trustee substantially in the form attached to the Security Agreement.

"Officer's Certificate" shall mean a certificate signed in the case of a corporation by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of such corporation, in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee of the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the Persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean and include the Participation Agreement, the Purchase Agreement Assignment, the Bill of Sale, the Trust Agreement, the Lease, the Notes outstanding at the time of reference, the Security Agreement, the Guaranty and the Tax Indemnity Agreement.

"Order Note" shall mean any note issued pursuant to the Security Agreement as an unregistered Note transferable by endorsement and delivery.

"Owner-Trustee" shall mean Wilmington Trust Company not in its individual capacity but solely in its capacity as trustee under the Trust Agreement and its successors in trust thereunder.

"Owner-Trustee Agreements" shall mean the Operative Agreements to which Wilmington Trust Company, either in its individual or fiduciary capacity, is a party.

"Participants" shall mean the Note Purchasers and the Trustor.

"Participation Agreement" shall mean the Participation Agreement dated as of December 15, 1988, among the Lessee, the Participants, the Owner-Trustee and the Security Trustee.

"Permitted Contest" shall mean a good-faith contest which each Indemnified Party determines will be conducted in a manner so as to prevent the imposition of any criminal penalty on, or adverse effect on the title, property or right of, such Indemnified Party, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, Liens or impositions which, under the terms of the Lease, are required to be paid or discharged by the Lessee or the Lessor, as the case may be, but for such contest.

"Permitted Encumbrances" with respect to the Equipment and each Item thereof, shall mean (i) the interest of the Lessee and the Owner-Trustee, respectively, under the Lease; (ii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any Liens of mechanics, suppliers, materialmen and laborers for work or services performed or materials furnished in connection with the Equipment or any Item thereof which are not due and payable or the amount or validity of which is being contested by a Permitted Contest; and (iv) the Lien and security interest granted to the Security Trustee under and pursuant to the Security Agreement.

"Permitted Sublessee" shall have the meaning specified in Section 17.1 of the Lease.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Present Value of the Outstanding Dollar Years" shall mean with respect to any Note, the product obtained by (1) multiplying (A) the present value of each remaining required principal and interest payment (including repayment of principal at final maturity) of such Note, by (B) the number of years (calculated to the nearest one-twelfth) which will elapse between the time of determination and the date such required principal or interest payment is due, and (2) totaling all of the products obtained in (1). The original yield to maturity on such Note will serve as the discount rate (which shall be compounded on the same periodic basis as scheduled interest payments on such Note) for

purposes of calculating the present value of the outstanding required principal and interest payments of such Note.

"Pricing Assumptions" shall have the meaning specified in Section 2.3 of the Lease.

"Prime Rate" shall mean the rate announced from time to time by Continental Bank, N.A. as its prime rate. The "Prime Rate" is one of several base rates used by Continental Bank, N.A. that serve as a basis upon which effective rates of interest are calculated for loans making references thereto and may not be the lowest of Continental Bank, N.A.'s rates.

"Proposed Guaranty Waiver Date" shall have the meaning specified in Section 1.3 of the Security Agreement.

"Proposed Waiver Date" shall have the meaning specified in Section 1.2(b) of the Security Agreement.

"Purchase Agreement Assignment" shall mean the Purchase Agreement Assignment dated as of December 15, 1988 between the Lessee and the Owner-Trustee.

"Purchase Agreements" shall mean the Purchase Agreements listed on Schedule 1 to the Purchase Agreement Assignment.

"Register" shall mean the register kept by the Owner-Trustee at the principal office of the Security Trustee for the purpose of recording the registration and transfer of the Notes.

"Registered Note" shall mean any fully registered Note issued pursuant to the Security Agreement.

"Renewal Term" shall mean any term in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to Section 18 thereof.

"Rent" shall mean all Interim Rent, Fixed Rent and Additional Rent.

"Rent Payment Dates" shall mean January 15, 1989 and the fifteenth day of each July and January thereafter during the Term of the Lease.

"Secured Indebtedness" shall mean the outstanding Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Owner-Trustee under the terms of the outstanding Notes or the Security Agreement.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Security Agreement" shall mean the Security Agreement-Trust Deed dated as of December 15, 1988 between the Owner-Trustee, as debtor, and the Security Trustee, as secured party as amended or supplemented from time to time.

"Security Agreement Supplement" shall mean the Security Agreement-Trust Deed Supplement, substantially in the form of Exhibit B to the Security Agreement, entered into between the Owner-Trustee and the Security Trustee, covering the Equipment.

"Security Trustee" shall mean The Connecticut Bank and Trust Company, National Association and its successors in trust as security trustee under the Security Agreement.

The term "separate account" shall have the meaning specified in Section 3 of ERISA.

"Subsidiary" shall mean any corporation, trust or association of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by the Lessee or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by the Lessee and any one or more such Subsidiaries.

"Tax Indemnity Agreement" shall mean the Income Tax Indemnification Agreement dated as of December 15, 1988 between the Lessee and Trustor.

"Term" shall mean the full term of the Lease, including the Interim Term, the Base Term and any Renewal Term, subject to the provisions of Sections 11 and 14 of the Lease.

"Terminated Type" or "Terminated Type of Equipment" shall have the meaning specified in Section 11.9 of the Lease.

"Termination Debt Percentage" shall mean, with respect to any Item of Equipment of any Type, as of any Termination Date the percentage shown under the Note Balance Column on the applicable termination schedule for such Type of Equipment.

"Termination Value" shall mean, with respect to each Item of Equipment, an amount determined in accordance with Schedule D-1, D-2, D-3, D-4 or D-5, as the case may be, depending on the Type of Equipment, of the Lease.

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"Total Equipment Cost" shall mean the sum of the Equipment Cost for each item of Equipment; provided that in no event shall the Total Equipment Cost exceed \$35,431,949.

"Trust" shall have the meaning specified in the Trust Agreement.

"Trust Agreement" shall mean the Trust Agreement dated as of December 15, 1988 between the Trustor and Wilmington Trust Company.

"Trust Estate" shall mean all the estate, right, title and interest of the Owner-Trustee in, to and under the Equipment and the Operative Agreements including, without limitation, all funds advanced to the Owner-Trustee by the Trustor, all proceeds from the sale of the Notes, all installments and other payments of Rent, insurance proceeds, Casualty Values, condemnation awards, Termination Values, purchase price and sale proceeds, and all other proceeds of any kind for or with respect to the Equipment and the Operative Agreements.

"Trustor" shall mean GATX Rail Lease, Inc., a Delaware corporation, and its successors and permitted assigns of its Beneficial Interest.

"Trustor Agreements" shall mean the Operative Agreements to which the Trustor is a party.

"Type" or "Type of Equipment" shall have the meaning specified in Section 11.9 of the Lease.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).