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RECORDATION NO. **14516** FILE 1425

DEC 27 1984 - 11 22 AM

INTERSTATE COMMERCE COMMISSION

Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No. **DEC 27 1984**
Date
Fee \$ **10.00**
ICC Washington, DC
A-362A074

Dear Ms. Mergenovich:

Enclosed for recordation under the provisions of Section 11303 of Title 49 of the U.S. Code are the original and five counterparts of an Equipment Lease dated as of December 1, 1984. The Equipment Lease is a primary document.

A general description of the railroad rolling stock covered by the enclosed documents and intended for use related to interstate commerce is set forth in Schedule 1 attached to this letter and made a part hereof.

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

Lessor: Mercantile Trust Company, National Association
Eighth and Locust Streets
Mercantile Tower
St. Louis, Missouri 63101
Attention: Leasing Manager

Lessee: Pullman Leasing Company
200 South Michigan Avenue
Chicago, Illinois 60604
Attention: Lease Administrator

The undersigned is the Lessor mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the original and any extra copies of the Equipment Lease not needed by the Commission for recordation to Elizabeth L. Majers, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$10.00 covering the required recording fee.

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

E. J. Conner
E. J. Conner

Interstate Commerce Commission
Washington, D.C. 20423

12/27/84

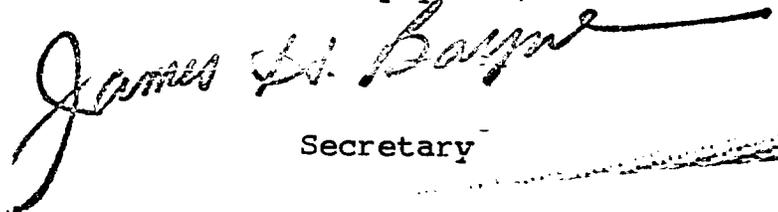
OFFICE OF THE SECRETARY

Elizabeth L. Majers, Esq.
Chapman & Cutler
111 West Monroe St.
Chicago, Illinois 60603

Dear Ms. Majers:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/27/84 at 11:45am and assigned re-
recording number(s) 14516 & 14516-A 14517

Sincerely yours,


Secretary

Enclosure(s)

ICC Copy

RECORDATION NO. **14516** Filed 1425

DEC 27 1984 - 11 45 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of December 1, 1984

Between

MERCANTILE TRUST COMPANY, NATIONAL ASSOCIATION

LESSOR

And

PULLMAN LEASING COMPANY

LESSEE

(Pullman Leasing 84-1)

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Attachments to Equipment Lease

- Schedule A - Description of Items of Equipment
- Schedule B - Certificate of Acceptance
- Schedule C - Schedule of Casualty Value

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of December 1, 1984 between Mercantile Trust Company, National Association, a national banking association (the "Lessor"), and Pullman Leasing Company, a Delaware corporation (the "Lessee");

RECITALS:

A. Pursuant to an Acquisition Agreement dated as of December 1, 1984 (the "Acquisition Agreement"), The Dow Chemical Company, a Delaware corporation (in its capacity as seller of the Equipment, the "Seller"), has or will sell the Equipment referred to below to the Lessor.

B. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of December 1, 1984 (the "Participation Agreement") with Bankers Life Company (the "Note Purchaser") providing for the commitment of the Note Purchaser which, together with funds provided by the Lessor, will permit the Lessor to obtain the funds necessary to purchase the equipment (collectively the "Equipment" or "Items of Equipment" and individually an "Item of Equipment" or "Item") described in Schedule A hereto. The Lessor will commit to advance on such date not later than December 28, 1984 (the "Closing Date") an amount equal to 34.38179% of the Purchase Price of each Item of Equipment as set forth in said Schedule A and the Note Purchaser will commit to purchase on the Closing Date the Secured Notes (the "Notes") of the Lessor in an amount equal to 65.61821% of each Item of Equipment. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement dated as of December 1, 1984 (the "Security Agreement") from the Lessor to the Note Purchaser.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. **Intent to Lease and Hire.** Upon delivery of each Item of Equipment by the Seller to the Lessee, the Lessee shall lease and let and the Lessor shall hire to the Lessee such Item of Equipment for the rental and on and subject to the terms and conditions herein set forth.

1.2. **Inspection and Acceptance.** The Seller will tender each Item of Equipment to the Lessee at the place of delivery set forth in Schedule A hereto. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and the Seller thereof a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; **provided, however**, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment delivered after the Outside Delivery Date set forth in Schedule A hereto. The Lessee is hereby designated by the Lessor as its agent to accept the Items of Equipment to be leased hereunder from the Seller.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Seller or the Manufacturer of the Equipment identified in Schedule A hereto (the "Manufacturer"), such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and appears to conform 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 new railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, 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 Lessor the following rent for each Item of Equipment:

(a) **Interim Rental.** For each Item of Equipment, an amount per day (the "Interim Rental") equal to % of the Purchase Price thereof for the period, if any, from the Closing Date for such Item of Equipment to, but not including, January 2, 1985 (the "Term Lease Commencement Date"); and

(b) **Fixed Rental.** For each Item of Equipment, forty (40) semiannual installments of fixed rental (the "Fixed Rental"), payable in arrears, each in an amount equal to % of the Purchase Price thereof.

2.2. Rent Payment Dates. The installment of Interim Rental for each Item of Equipment shall be due and payable on the Term Lease Commencement Date. The first installment of Fixed Rental for each Item of Equipment shall be due and payable six months following the Term Lease Commencement Date and the balance of said installments shall be payable at six month intervals thereafter with the final such installment payable twenty years following the Term Lease Commencement Date. 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 next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Illinois are authorized or required to close.

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

(a) The installment of Interim Rental shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address provided for payments in Section 21.1 hereof; provided that in the event either the Lessor or the Note Purchaser shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in Section 21.1 or as otherwise designated from time to time in writing by such assignee;

(b) The portion of any installment of Fixed Rental resulting from an increase in the amount thereof, if any, which the Lessee shall agree to pay to the Lessor resulting from any rental adjustment pursuant to Section 2.4 hereof shall be paid in full to the Lessor by wire transfer to the principal office of the Lessor at the address provided for payments in Section 21.1 hereof;

(c) Each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address provided for payments in Section 21.1 hereof; provided that in the event either the Lessor or the Note Purchaser shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in Section 21.1 or as otherwise designated from time to time in writing by such assignee;

(d) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to the Lessor by a check drawn on a bank located in the continental United States (identifying the same as a payment of Casualty Value relating to Pullman Leasing 84-1) and forwarded to the Lessor in the manner provided for notice in Section 21.1 hereof; provided that in the event either the Lessor or the Note Purchaser shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such check in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(e) The amount of any payment owing to the Lessor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 21.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(f) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(g) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above 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, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Adjustment of Rent. Notwithstanding any other provision of this Lease, the Lessee and the Lessor agree that the Interim Rental and the Fixed Rental hereunder and the Casualty Value percentages set forth in Schedule C hereto will be adjusted in the event that:

(a) any assumption set forth below shall prove to be untrue:

(i) all Items of Equipment shall be accepted hereunder on December 28, 1984;

(ii) the Term Lease Commencement Date shall be January 2, 1985;

(b) if prior to January 1, 1986, any amendment to, or change in the Internal Revenue Code of 1954, as amended (the "Code") or income tax regulations thereunder is enacted or adopted, or any published administrative or judicial interpretation of the Code or such regulation is rendered any of which has an effective date on or prior to the Closing Date, the effect of which is to change the net after-tax rate of return or the net after-tax cash flow of the Lessor with respect to any Item based on the same assumptions and methods of calculation utilized by the Lessor in originally evaluating the transactions contemplated by this Lease.

Any such adjustment pursuant to clause (a) above shall be with respect to all Items of Equipment and pursuant to clause (b) above shall be with respect to the subject Item of Equipment and in any such case shall be effective as of the first rent payment date following the event giving rise to such adjustment and shall be made in such a manner as will, in the Lessor's reasonable judgment, maintain the net after-tax rate of return and net after-tax cash flow that would have been realized by the Lessor had such event not occurred, based on the same assumptions and methods of calculation utilized by the Lessor in originally evaluating the transactions contemplated by this Lease and the Participation Agreement. Notwithstanding the foregoing, the Interim Rental and the Fixed Rental and the Casualty Value percentages will never be less than those amounts and percentages required to enable the Lessor to satisfy in full its periodic obligations in respect of the Notes. The Lessor agrees to furnish the Lessee or an independent public accounting firm of recognized national standing selected by the Lessor such information as the Lessee may reasonably request in order to verify that the rental rate adjustment has been made in accordance with the terms of this Section 2.4. The Lessee agrees that any information furnished to it pursuant to this Section 2.4 shall be treated as confidential.

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental 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 Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, 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 Lessor 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 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor'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 Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate twenty years following the Term Lease Commencement Date provided for in Section 2.1(a) hereof.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor 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 or any permitted sublessee pursuant to Section 17.2 hereof.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto and within 120 days of the date hereof will label, keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from Mercantile Trust Company, National Association, as Owner, subleased from Pullman Leasing Company 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 Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. 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 or destroyed. The Lessee will not change the road number of any Item of

Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been delivered to the Lessor 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 or its affiliates or any permitted sublessee pursuant to Section 17.2 hereof on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY THE LESSOR, THE LESSOR EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. Notwithstanding the disclaimer contained in subparagraph (C) above, but subject always to Section 2.4 hereof, the Lessor warrants and represents to the Lessee that its right to quiet enjoyment of the Equipment shall not be wrongfully interfered with by the Lessor or any party claiming by, through or under the Lessor, provided that the Lessee is otherwise in compliance with terms of this Lease. The Lessor 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 Lessor 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 Lessor may have as owner of the Equipment against the Manufacturer or the Seller thereof, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any 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 a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor 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 Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, subleasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) relating to this Lease, the Acquisition Agreement, the Participation Agreement, the Security Agreement, the Notes or any sublease permitted by Section 17.2 hereof, (iii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iv) as a result of claims for patent, trademark or copyright infringements, or (v) as a result of claims for negligence or strict liability in tort.

The Lessee shall not be required to indemnify the Lessor or any assignee with respect to indemnities pursuant to Section 6.1(b)(ii) against any loss, damage, injury, claim or demand which arises as a result of the willful misconduct or gross negligence of any such party; **provided, however**, that in the event any such party shall not be entitled to indemnification by reason of its willful misconduct or gross negligence, the Lessee agrees that all other parties entitled to indemnification hereunder shall have the right to be fully indemnified by the Lessee regardless of the circumstances which relieve the Lessee of its obligations to indemnify any other such party, and the gross negligence or willful misconduct of any such party shall not be imputed to any other party entitled to indemnification hereunder.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee to any party at any time a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; **provided, however**, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii), (iii) or (v) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising 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. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

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 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 Lessor; **provided, however**, so long as no Event of Default shall have occurred and be continuing, that Lessee may, in good faith and by appropriate legal proceedings, at its own expense, 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 Lessor and the Note Purchaser adversely affect the property rights, or interests of the Lessor and the Note Purchaser in the Equipment of 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 and in a manner no less thorough and complete than is the prudent industry standard for Class I line-haul railroads, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules and for immediate regular use by a Class I line-haul railroad. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment; **provided, however**, so long as no Event of Default shall have occurred and be continuing, that Lessee may, in good faith and by appropriate legal proceedings, at its own expense, 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 Lessor and the Note Purchaser adversely affect the property rights, or interests of the Lessor and the Note Purchaser in the Equipment of hereunder. 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 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. 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 agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims 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 Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. 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 Section 11303 of the Interstate Commerce Act and in such other places within or without the United States as the Lessor or the Note Purchaser may reasonably request and will furnish the Lessor and the Note Purchaser 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, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Note Purchaser, for the purpose of protecting the Lessor's title to, or the Note Purchaser's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Note Purchaser's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Note Purchaser proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Note Purchaser that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of State and Local Taxes. The Lessee shall defend, indemnify and save harmless the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) and their respective successors and assigns (collectively, the "Indemnitees", and individually, an "Indemnitee") from and against, and as between the Lessee and each Indemnitee the Lessee hereby assumes liability with respect to, all fees (including, without limitation, license fees and registration fees), taxes (including, without limitation, income, gross receipts, franchise, sales, use, value added, property and stamp taxes), assessments, levies, imposts, duties, charges or withholdings of any nature whatsoever, together with any and all penalties, additions to tax, fines or interest thereon imposed against any of the Indemnitees, any Item of Equipment or the Lessee, upon, arising from or relating to (i) any Item of Equipment, (ii) the construction, purchase, delivery, ownership, acceptance, rejection, possession, improvement, use, operation, leasing, subleasing, condition, maintenance,

repair, sale, return, storage, abandonment or other application or disposition of any Item, (iii) the rental payments, receipts or earnings arising from any Item of Equipment or payable pursuant to this Lease, or (iv) this Lease, the Acquisition Agreement, the Participation Agreement, the Security Agreement, the Notes or any sublease permitted by the terms of Section 17.2 hereof or otherwise with respect to or in connection with the transactions contemplated thereby (herein called "Impositions"); provided that Impositions shall not include as to each respective Indemnitee: (i) United States Federal income taxes and, to the extent that any respective Indemnitee receives credit therefor (at any time, either in a current taxable year, or by way of carryback or carryover to any other taxable year) against its United States Federal income tax liability, any foreign income or withholding tax of such Indemnitee, payable by any respective Indemnitee in consequence of the receipt of payments provided herein; and (ii) the aggregate of all income and franchise taxes measured by net income based on such receipts, up to the amount in the aggregate of any such income and franchise taxes which are payable to the state and city in which such Indemnitee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided. The Lessee agrees to pay, on demand, any and all Impositions. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnitee solely by reason of its interest with respect thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnitee, adversely affect the interest of any Indemnitee hereunder or under the Security Agreement. If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnitee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnitee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnitee and deliver the same to each Indemnitee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. **Insurance.** The Lessee agrees that it will at all times during the term of this Lease and during any 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 companies similar to the Lessee on similar equipment, in amounts and against risks not less than the insurance, if any, maintained by the Lessee with respect to similar equipment which it owns or leases, and in any event in an amount not less than \$10,000,000 per occurrence, 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 of not less than \$50,000,000 arising out of any single occurrence or during any consecutive 12 month period. Any such property insurance may have deductible provisions to no greater extent than \$100,000 per occurrence. All such liability insurance shall protect the Lessor, the Note Purchaser and the Lessee in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and each such party shall be a named insured or additional insured under any liability policy. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancellation shall be given to the Lessor and the Note Purchaser, shall provide that in respect of the interest of the Lessor and the Note Purchaser in such policies the insurance shall not be invalidated by any action or inaction of the Lessee, its agent or any other person acting on behalf of the Lessee (other than of the Lessor or the Note Purchaser, as the case may be, and then only as against such person) and shall insure the Lessor and the Note Purchaser regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by the Lessee, its agent or any other person acting on behalf of the Lessee (other than by the Lessor or the Note Purchaser, as the case may be, and then only as against such person), provide that the insurers shall waive all rights of subrogation against the Lessor and the Note Purchaser, and shall provide that the Lessor and the Note Purchaser shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance. Policies covering loss or damage to the Equipment shall be made payable to the Note Purchaser as long as the Notes are outstanding and thereafter to the Lessor. The Lessee shall be deemed to have complied with the requirement to maintain insurance as above set forth if it shall maintain or cause to be maintained a blanket policy covering all of the Items of Equipment then subject to this Lease together with all other rolling stock of the Lessee, so long as such blanket policy shall otherwise comply with the provisions of this Section 11.1. The Lessee shall, from time to time as required to evidence coverage and in any event at least annually, further furnish the Lessor and the Note Purchaser with certificates or other satisfactory evidence of maintenance of the insurance required hereunder or with a certificate of a reputable insurance agent not affiliated with the Lessee stating that the insurance maintained by or on behalf of the Lessee complies with the requirements of this Section, and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies.

Without limiting any of the obligations of the Lessee set forth in this Section 11.1, the Lessor shall have the right to carry insurance against loss or damage to the Equipment for its own benefit in excess of the amounts required to be maintained by the Lessee pursuant to this Section 11.1.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or worn out, or permanently returned to the Manufacturer pursuant to any patent or warranty indemnity 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 shall be requisitioned or taken over 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 (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Interim or Fixed Rental installment due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining unpaid plus 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 Lessor, dispose of such 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 Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default 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 to the Casualty Value attributable thereto. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor 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 paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price (as defined in the Participation Agreement) of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment.

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 Lessee 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 this 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 rental and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, 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.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before the first May 1 which occurs more than six months following the date of this Lease, the Lessee will furnish to the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) 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 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor 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. Lessor's Inspection Rights. The Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease, but only after prior written notice to the Sublessee and only to the extent such inspection is not in conflict with the Sublessee's safety, security and confidentiality procedures.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days upon not less than 30 days' written notice to the Lessee. 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 Lessor or any person designated by it,

including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; **provided, however,** that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. 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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to % of the Purchase Price of such Item of Equipment, or (ii) 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 Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence. 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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

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 rental or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for five days;

(b) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof not permitted by this Lease;

(c) 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 and such default shall continue for 30 days after written notice from the Lessor or the Note Purchaser to the Lessee specifying the default and demanding the same to be remedied;

(d) Any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor or the Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement is untrue in any material respect as of the date of issuance or making thereof;

(e) The Lessee becomes insolvent or fails generally to pay its debts as such debts become due, or causes an order for relief to be entered against the Lessee or acquiesces in the entering of such an order against it, under applicable Federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for the Lessee or for the major part of its property;

(f) A custodian, trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within 60 days after such appointment; or

(g) Any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, 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 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

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

(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 Lessor 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, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the

denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 9% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; **provided, however**, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified in Section 18 hereof; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor 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 on its behalf in connection with the lease of the Equipment.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor 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 Lessor and the Note Purchaser, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. 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 Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment upon such storage tracks as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport the Equipment one time to a place on any lines of railroad as the Lessor may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to $\frac{1}{2}$ of the Purchase Price of such Item of Equipment, or (ii) the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

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 Lessor

shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor 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 Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, 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 LESSOR.

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 Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. 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. 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 of failure of or defect in the Lessor's title, 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 Lessor 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, except in the event of a wrongful act on the part of such assignee, 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, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 20.2 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an 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 this Lease, but, without the prior written consent of the Lessor, 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 Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession in Railroad Operations. (a) So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon lines of railroad located in the United States in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. The Lessee shall at no time throughout the term of this Lease assign or permit the assignment of any Item of Equipment to service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States, and the Lessee agrees that the use of the Equipment outside the continental United States shall be de minimus. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

(b) So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to (i) sublease the Items of Equipment to The Dow Chemical Company, a Delaware corporation (in its capacity as sublessee, the "Sublessee") pursuant to the Equipment Lease dated as of December 1, 1984 (the "Sublease") between the Lessee, as sublessor, and the Sublessee, as sublessee, which Sublease, so long as no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default hereunder, shall have occurred and be continuing, and the right of the Sublessee in and to the Equipment pursuant to the Sublease shall be senior to this Lease, (ii) upon the expiration or termination of the Sublease, sublease any Items of Equipment to any responsible corporation; provided that no Event of Default or event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default hereunder shall have occurred and be continuing, and provided further that (1) in no event shall any such sublease relieve the Lessee of any of its obligations, liabilities or duties hereunder which shall be and remain those of a principal and not a surety or guarantor, (2) any such sublease and the rights and interest of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder, and shall confirm such subordination by a provision therein satisfactory to the Lessor and the Note Purchaser, (3) any such sublease shall in all cases be for a term expiring not later than the end of the then current term of this Lease, and (4) in the case of any sublease the term of which may exceed six months, the Lessor and the Note Purchaser shall have approved in writing of the proposed sublessee, which approval shall not be withheld unless such proposed sublease would constitute an unreasonable risk of harm or loss to the Lessor or the Note Purchaser in excess of the protection therefrom provided under this Lease. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, each Item of Equipment may, under the terms of this Lease and pursuant to

any such sublease, be used upon connecting carriers in the usual interchange of traffic, but only upon and subject to all of the terms and conditions of this Lease.

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, provided that such assignees, successors or transferees shall have duly assumed in writing the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. PURCHASE OPTION; RENEWAL OPTIONS.

18.1. Purchase Option. Provided that no Event of Default or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee may exercise either of the two mutually exclusive options to purchase the Equipment:

(a) An option to purchase any one or more Items of Equipment for cash upon the expiration of the primary term or any renewal term for its Fair Market Value at the time of purchase. This option may be exercised by the Lessee only by written notice to the Lessor given not less than 120 days nor more than 270 days before the expiration of the primary term or any renewal term. If this option is exercised, the Lessor shall sell and the Lessee shall purchase the selected Items of Equipment on the last day of the primary term or renewal term, as the case may be. Upon payment by the Lessee of the purchase price for all of the selected Items of Equipment and all rent in respect of the primary term or renewal term remaining due but unpaid, the Lessor shall execute and deliver to or at the direction of the Lessee a bill of sale for the selected Items of Equipment transferring title thereto on an "as-is", "where-is" basis and without any representation or warranty by the Lessor, except for a warranty that each selected Item of Equipment is free and clear of all liens, claims and encumbrances created by contract by the Lessor or arising out of claims against the Lessor other than claims against which the Lessee has agreed to indemnify the Lessor. The Lessee shall pay or cause to be paid (i) all sales and use taxes payable in connection with each sale and (ii) all unpaid property taxes accrued with respect to each selected Item of Equipment attributable to the period prior to the sale.

(b) An option to purchase all, but not less than all, of the Items of Equipment, for an amount equal to % of the Purchase Price thereof, which the Lessor and the Lessee believe represents the anticipated Fair Market Value of the Equipment, otherwise on the same terms and conditions set forth in (a) above.

Time is of the essence of this Section 18.1.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for two additional renewal terms of five years each upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment and that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term shall be an amount equal to the higher of (i) the Fair Market Value of such Item of Equipment as of the beginning of such renewal term, or (ii) an amount equal to 20% of the Purchase Price of such Item of Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 18.2; and

18.3. Fair Rental Value and Fair Market Value. The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days after the beginning of such 90-day period, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.4. Delivery of Equipment. Unless the Lessee has elected 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 Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding any nonpayment of rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 14% per annum (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF SUBLEASE.

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of the right, title and interest which it has acquired or may have acquired under and pursuant to the Sublease whether now existing or hereafter entered into, including any and all extensions and renewals of the Sublease, together, with all rights, powers, privileges, options and other benefits of the Lessee as sublessor under the Sublease, including, without limitation:

(a) the immediate and continuing right to receive and collect all rental payments, casualty value payments, purchase option payments, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Lessee as sublessor pursuant to the Sublease;

(b) the right to make all waivers and agreements and to enter into any amendments relating to the Sublease or any provision thereof; and

(c) the right to take such action upon the occurrence of an Event of Default under the Sublease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Sublease, including the commencement, conduct and consummation of legal, administrative and other proceedings, as shall be permitted by the Sublease or by law, and to do any and all other things whatsoever which the Lessee is or may be entitled to do under the Sublease;

it being the intent and purpose hereof that, subject always to Excepted Rights in the Sublease (as hereinafter defined), the assignment and transfer to the Lessor of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect at all times during the period from and after the date of this Lease until the end of the term of this Lease and of the Sublease, but excepting and reserving from the security interest and assignment hereby granted the duties, obligations and liabilities, if any, of the Lessee as sublessor under the Sublease.

There are expressly excepted and reserved from the security interest and operation of this assignment the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Excepted Rights in the Sublease") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in the Sublease to the Lessor:

(a) all payments of any indemnity under Sections 6 and 10.2 of the Sublease or repayments of interest thereon under Section 20.02 of the Sublease which by the terms of any of such sections of the Sublease are payable to or for the benefit of the Lessee for its own account;

(b) all rights of the Lessee under the Sublease or in law or demand, to collect, sue for or otherwise obtain all amounts from the Sublessee due the Lessee on account of any such indemnities or payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 14 of the Sublease excepting only those contained in Section 14.2(a) thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Sublessee pursuant to Section 11.1 of the Sublease which by the terms of such policies or the terms of the Sublease are payable directly to or for the benefit of the Lessee for its own account.

20.2. Modifications of the Sublease. The Lessee will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Sublease or by affirmative act consent to the creation or existence of any security interest or other lien to secure payment of indebtedness upon the leasehold estate created by the Sublease or any part thereof; provided that notwithstanding the foregoing, so long as no Default or Event of Default hereunder shall have occurred and be continuing, the Lessee may, upon receipt by the Lessor and the Secured Party of prior written notice specifying the actions to be taken by the Lessee:

(i) make such amendments or modifications to the Sublease as shall not in any manner whatsoever alter the term of the Sublease, decrease the amount or alter the timing of rentals payable thereunder or materially affect adversely the value or utility of the Equipment; and

(ii) enforce all rights and exercise all remedies available to it under the Sublease in the event of a default thereunder by the Sublessee; provided that: (A) no such exercise of rights or remedies shall in the reasonable opinion of the Lessor or the Note Purchaser affect adversely the interest of the Lessor or the security interest granted to the Note Purchaser in the Equipment, (B) the Lessee shall indemnify and hold harmless the Lessor and the Note Purchaser from any loss, liability or expense resulting from such actions of the Lessee, and (C) any such actions shall be at the sole cost and expense of the Lessee.

(b) receive or collect any rental payment or any other sum under the Sublease prior to the date for payment thereof provided for by the Sublease or assign, transfer or hypothecate (other than to the Lessor hereunder) any rent payment then due or to accrue in the future under the Sublease.

20.3. Further Assignment. The Lessee acknowledges and agrees that (a) all rights and interests of the Lessor pursuant to this Section 20 may be assigned by the Lessor to any assignee in accordance with Section 16 hereof, and (b) the assignment provided for in this Section 20 shall not in any way obligate the Lessor or any of its successors or assigns to perform or satisfy any of the obligations or liabilities of the Lessee under the Sublease.

20.4. Power of Attorney. The Lessee hereby irrevocably constitutes and appoints the Lessor its true and lawful attorney with full power or substitution for it and its name and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which may be or become due, payable or distributable to and in respect of the interests assigned under this Section 20, with full power to settle, adjust or compromise any claim thereof or therefor as fully as the Lessee could itself do and to endorse the name of the Lessee on all commercial paper given in payment or part payment thereof and all documents of satisfaction, discharge or receipt required or requested in connection therewith and in its discretion to file any claim, to take any other action or proceeding, either in its own name or in the name of the Lessee or otherwise, which the Lessor may deem necessary or appropriate to collect or otherwise realize upon any and all interest assigned hereunder, or which may be necessary or appropriate to protect and preserve the right, title and interest of the Lessor in and to the interest assigned under this Section 20 and the security intended to be afforded hereby.

20.5. Rights under Uniform Commercial Code. Upon the occurrence of any Event of Default under this Lease, the Lessor shall, in addition to all other rights and remedies provided for herein, have in connection with the assignment provided for in this Section 20, all the rights of a secured party under the Uniform Commercial Code of Illinois (regardless of whether such Code is the law of the jurisdiction where the rights or remedies are asserted).

20.6. Further Assurance. Without limiting the foregoing the Lessee hereby further covenants that it will, upon the written request of the Lessor, execute and deliver such further instruments and do and perform such other acts and things as are necessary to effectively invest in and secure to the Lessor and its assigns the interests assigned pursuant to this Section 20 or other rights or interests due or hereafter to become due.

20.7. Application of Moneys. All distributions and payments to the Lessor pursuant to this Section 20 shall be applied by the Lessor to the payment and reduction of the obligations and liabilities of the Lessee for the payment of rent under this Lease. If no Event of Default has occurred and is continuing hereunder, any distribution or payment received by the Lessor hereunder in excess of the obligations and liabilities of the Lessee for the payment of rent under this Lease shall be promptly remitted to the Lessee.

20.8. Duration. The satisfaction or discharge of any part of the obligations or liabilities of the Lessee under this Lease shall not in any way satisfy or discharge the assignment provided for in this Section 20, but such assignment shall remain in full force and effect so long as any amount remains unpaid on any such obligations or liabilities.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: Mercantile Trust Company,
National Association
Eighth and Locust Streets
Mercantile Tower
St. Louis, Missouri 63101
Attention: Leasing Manager

All payments to be made to the Lessor under the Operative Agreements by wire transfer of immediately available funds to Mercantile Trust Company, National Association, Fed. No. 0810-01210, to account No. 26-05500, R.C.801, with instructions to call Leasing Group Manager upon receipt.

If to the Note Purchaser: Bankers Life Company

In the case of all payments, by bank wire transfer of Federal Funds together with an advice setting forth (1) the full name, interest rate and maturity date of the bond or note; (2) allocation of payment between principal and interest; (3) name of issuer; (4) confirmation of principal balance and (5) Bankers Life Company Bond No. 1-B-20526, to:

Norwest Bank Des Moines, N.A.
7th and Walnut Streets
Des Moines, Iowa 50304
for credit to Bankers Life Company
Account 014752

In case of all notices:

711 High Street
Des Moines, Iowa 50307
Attention: Investment Department
Securities Division

If to the Lessee: Pullman Leasing Company
200 South Michigan Avenue
Chicago, Illinois 60604
Attention: Lease Administrator

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

21.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Note Purchaser) 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. Any payment so made by any such party and all cost and expense (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 at the rate of 14% per annum.

21.3. 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.

21.4. Law Governing. This Lease shall be construed in accordance with the laws 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.

21.5. 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.

21.6. 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.

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

**MERCANTILE TRUST COMPANY,
NATIONAL ASSOCIATION**

[CORPORATE SEAL]

By _____
Its _____

ATTEST:

Secretary

PULLMAN LEASING COMPANY

[CORPORATE SEAL]

By *Edwin J. Walker*
Its VICE PRESIDENT

ATTEST:

Alvin R. Wood
ASSISTANT Secretary

STATE OF MISSOURI)
) SS
COUNTY OF _____)

On this ___ day of December, 1984, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of _____, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 2 day of December, 1984, before me personally appeared EDWARD J. WALKER, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of Pullman Leasing Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Barbara Janowiak
Notary Public

[NOTARIAL SEAL]

My commission expires: Dec. 27, 1985

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment:	Richmond Tank Car Company
Description and Mark and Number of Items of Equipment:	Two Hundred 5800 Cubic Foot Hopper Cars equipped with pneumatic outlet gates marked and numbered DOWX 20000 to DOWX 20199, both inclusive.
Base Purchase Price of Equipment:	\$50,574.08 for each Item of Equipment
Maximum Aggregate Purchase Price of Equipment:	\$10,114,816.00 for all Items of Equipment
Place of Delivery:	Freeport, Texas
Outside Delivery Date:	December 28, 1984

(Pullman Leasing 84-1)

**CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE**

TO: Mercantile Trust Company, National Association (the "Lessor")
Pullman Leasing Company

I, a duly appointed and authorized representative of Pullman Leasing Company (the "Lessee") under the Equipment Lease dated as of December 1, 1984 between the Mercantile Trust Company, National Association, and Pullman Leasing Company and a duly appointed and qualified representative of The Dow Chemical Company under the Equipment Lease dated as of December 1, 1984 between The Dow Chemical Company and Pullman Leasing Company, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment are in good order and condition, and appear to 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, condition or in any other respect, and that each Item has been or will be within 120 days 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 Mercantile Trust Company, National Association,
as Owner, subleased from Pullman Leasing Company and subject
to a Security Interest recorded with the I.C.C."

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

Dated: _____, 19__

Inspector and Authorized Representative
of Pullman Leasing Company

Inspector and Authorized Representative of
The Dow Chemical Company

SCHEDULE B
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental Payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price of each Hopper Car Payable as Casualty Value</u>
July 2, 1985	
January 2, 1986	
July 2, 1986	
January 2, 1987	
July 2, 1987	
January 2, 1988	
July 2, 1988	
January 2, 1989	
July 2, 1989	
January 2, 1990	
July 2, 1990	
January 2, 1991	
July 2, 1991	
January 2, 1992	
July 2, 1992	
January 2, 1993	
July 2, 1993	
January 2, 1994	
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July 2, 1999	
January 2, 2000	
July 2, 2000	
January 2, 2001	
July 2, 2001	
January 2, 2002	
July 2, 2002	
January 2, 2003	
July 2, 2003	
January 2, 2004	
July 2, 2004	
January 2, 2005	

(Pullman Leasing 84-1)