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DEC 9 1980
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Fee $ 100.00
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December 8, 1980

The Canadian Wheat Board
Lease Financing Dated as of October 1, 1980

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of The Canadian Wheat Board, for filing and recordation counterparts of the following agreements:

(1) (a) Conditional Sale Agreement dated as of October 1, 1980, between The Connecticut Bank and Trust Company and Hawker Siddeley Canada Inc.; and

(b) Agreement and Assignment dated as of October 1, 1980, between Mercantile-Safe Deposit and Trust Company and Hawker Siddeley Canada Inc.

(2) Lease of Railroad Equipment dated as of October 1, 1980, between The Canadian Wheat Board and The Connecticut Bank and Trust Company.

The addresses of the parties to the aforementioned agreements are:

Trustee-Lessor-Vendee

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

Builder-Vendor:

Hawker Siddeley Canada Inc.
P. O. Box 130
Trenton, Nova Scotia BOK 1X0

Lessee:

The Canadian Wheat Board
423 Main Street
Winnipeg, Manitoba R3C 2P5

Agent-Assignee:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203

The equipment covered by the aforementioned agreements consists of 200 covered hopper cars bearing the road numbers of the Lessee CPWX605102 through CPWX 605301, both inclusive, and also bearing the legend "Owned by a Bank or Trust Company. Ownership Subject to a Conditional Sale Agreement Filed with the Interstate Commerce Commission".

Enclosed is our check for $100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with y our fee receipt addressed to the undersigned.

Very truly yours,

Roger D. Turner
As Agent for The Canadian
Wheat Board

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

Encls.

12552-B
RECORDATION NO. ..... Filed 1425

DEC 9 1980 - 1 35 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref.: 2044-076]

LEASE OF RAILROAD EQUIPMENT

Dated as of October 1, 1980

Between

THE CANADIAN WHEAT BOARD,

Lessee,

and

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

Lessor.

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

LEASE OF RAILROAD EQUIPMENT dated as of October 1, 1980, between THE CANADIAN WHEAT BOARD, a body corporate acting as agent of Her Majesty in right of Canada (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not individually but solely in its capacity as Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement").

The Lessor is entering into a conditional sale agreement dated as of the date hereof (the "CSA") with Hawker Siddeley Canada Inc. (the "Builder") wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (the "Equipment"). Mellon National Leasing and Management Corporation (the "Owner") will be the beneficial owner of the Equipment delivered and accepted under the CSA. The Builder is assigning its interest in the CSA to Mercantile-Safe Deposit and Trust Company, acting as agent (said bank acting in such capacity being hereinafter called the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

The Lessee desires to lease such number of units of the Equipment as are delivered, accepted and settled for under the CSA (the "Units") and for which Certificates of Acceptance referred to in § 2 hereof are executed and delivered, at the rentals and upon the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter contained, the parties hereto hereby agree as follows:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to (a) any abatement or reduction of rent, including, but not limited to, abatements or reductions due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under any

other agreement, or against the Builder or the Vendor or otherwise or (b) any setoff against rent, including, but not limited to, any setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under any other agreement or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment required to be made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessor under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points at which such Unit is delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor under the CSA and itself hereunder and execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") in substantially the form of Schedule D

hereto, which shall be deemed to form a part hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 50 consecutive semiannual payments, payable in arrears, on January 1 and July 1 in each year, commencing July 1, 1981 (each of such 50 dates being hereinafter called a "Rental Payment Date"). The first 25 semiannual payments shall each be in an amount equal to 5.15738% of the Purchase Price (as hereinafter defined) of each Unit then subject to this Lease and the second 25 semiannual payments shall each be in an amount equal to 6.30346% of the Purchase Price of each Unit then subject to this Lease. The term "Purchase Price" as used herein with respect to any Unit shall mean the Purchase Price of such Unit determined as provided in the CSA and written notice of which shall have been given by the Lessor to the Lessee; provided, however, that in no event shall the Purchase Price of any Unit exceed U.S. $50,000 unless the Lessee shall otherwise agree in writing.

The Lessee also agrees to pay as additional rent hereunder the amounts referred to in §§ 6, 9 and 15 hereof.

The Lessor and the Lessee agree that if (a) the Owner shall be required to make any payment or reimbursement under either of the last two sentences of the first paragraph of Paragraph 13 of the Participation Agreement, (b) there shall be a difference on any day after the first Closing Date (as defined in the Participation Agreement) between 13% per annum and the rate of interest payable on the Conditional Sale Indebtedness (as defined in the CSA) on such day, or (c) by reason of any change or modification in applicable Federal, state or local income or franchise tax law enacted or effective before January 1, 1981, which affects any of the Tax Assumptions (as defined in § 15 hereof) for any taxable year (or portion thereof) of the Owner, the Owner shall actually realize any additional Federal, state or local income or franchise tax benefit beyond those contemplated by the Tax Assumptions, or shall actually suffer a reduction in any Federal, state or local income or franchise tax benefit contemplated by the Tax Assumptions, then the rentals payable hereunder and the Casualty Values and Termination Values set forth in Schedules B and C hereto will be appropriately increased

(or adjusted upward or downward in the case of the foregoing clauses (b) and (c)) to preserve the Owner's after-tax economic yields and cash flows (computed on the same assumptions, including tax rates, as were utilized by the Owner in originally evaluating this transaction (such economic yields and cash flows being hereinafter called the "Net Economic Return")). In addition, the Lessor and the Lessee agree that if any increase in rentals and the Casualty Values and Termination Values (as such terms are defined in the Other Lease hereinafter referred to) shall be made pursuant to clause (c) of the third paragraph of § 3 (including the proviso thereto) of the Lease of Railroad Equipment dated as of April 1, 1980, between the Lessee and The Connecticut Bank and Trust Company, as trustee under a Trust Agreement dated as of April 1, 1980, with Mercantile-Safe Deposit and Trust Company and J. P. Morgan Interfunding Corp., as amended by an Amendment Agreement dated as of October 1, 1980 (such Lease of Railroad Equipment, as so amended, being herein called the "Other Lease"), then a corresponding increase shall be made in the rentals payable hereunder and the Casualty Values and the Termination Values set forth in Schedules B and C hereto.

All rental payments payable hereunder shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

If any of the rental payment dates referred to above is not a business day, the rental payment otherwise payable on such date shall then be payable on the next succeeding business day. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, New York, New York, or Hartford, Connecticut, are authorized or obligated to remain closed.

The Lessee agrees to make each payment provided for in this § 3 in funds immediately available at or prior to 11:00 a.m. local time in the city where such payment is due.

Notwithstanding anything to the contrary contained in this Lease, in the event the aggregate of all payments otherwise required to be made under this Lease by the Lessee on or prior to March 31, 1981, shall exceed the equivalent of Can. $1,000,000, the amount of such excess

shall be due and payable on April 1, 1981.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10, 14 and 15 hereof, shall terminate on January 1, 2006. Except for obligations of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 13 hereof) shall survive the expiration of the term of this Lease.

So long as no Event of Default exists hereunder, this Lease may not be terminated and the Lessee shall be entitled to the rights of quiet enjoyment, possession, use and assignment provided under § 12 hereof. The Lessee acknowledges that upon the occurrence of an Event of Default hereunder, the Vendor may exercise all the rights and remedies provided in the CSA.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNED BY A BANK OR TRUST COMPANY. OWNERSHIP SUBJECT TO A CONDITIONAL SALE AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated or approved by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Lessor's and the Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and of the Vendor under the CSA. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have

been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, that such filing and deposit will protect the Vendor's and the Lessor's rights in such Units and that no other filing, deposit or giving of notice with or to any Canadian or United States Federal, state, provincial or local government or agency thereof is necessary to protect the rights of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates or any long-term operator or sublessee permitted under § 12 hereof on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment under this Lease, and the Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

§ 6. Taxes. (a) Indemnity. The Lessee agrees that each rental or other payment hereunder (including, without limitation, any indemnity payable under § 15 hereof) shall be free of all withholdings of any nature whatsoever, and that in the event any withholding is required, the Lessee shall pay an additional amount such that the net amount of rental actually received by the Lessor free of withholding will equal the amount of rental then due absent such withholding. In addition, unless excused pursuant to the provisions of paragraph (b) of this § 6, the Lessee agrees to pay and, on written demand, to indemnify and hold the Lessor (in both its individual and fiduciary capacities) and the Owner (the "Indemnitees") harmless from, all license and registration fees and all taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever together with any penalties, fines or interest thereon (hereinafter collectively referred to as "Taxes") imposed against any Indemnitee, the Lessee, the Units or any portion thereof by any Federal, state or local

government or taxing authority in the United States or by any foreign government or governmental subdivision thereof or any taxing authority thereof (including, without limitation, Canadian deemed disposition taxes), if any, upon or with respect to the Units or any portion thereof, or upon or with respect to the purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon or with respect to the rentals, receipts or earnings arising therefrom including interest and principal payable on the Conditional Sale Indebtedness, or upon or with respect to this Lease, the CSA, the Participation Agreement, the Trust Agreement, the Assignment (as defined in the CSA), the Conditional Sale Indebtedness or the issuance, acquisition or subsequent transfer of the Conditional Sale Indebtedness, unless, and only to the extent that, any such Tax which is not imposed by way of withholding is being contested in good faith by the Lessee or such Indemnitee pursuant to paragraph (c) of this § 6 (and for the payment of which adequate reserves have been provided or other arrangements satisfactory to the Lessor have been made) by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of the Units or any interest therein and do not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee further agrees that, with respect to any payment or indemnity hereunder other than any payment of or indemnity for Canadian withholding taxes, such payment or indemnity shall include any amount necessary to hold the Indemnitee harmless, on an after-tax basis, from all Taxes required to be paid by such Indemnitee with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority or under the laws of any foreign government or any taxing authority or governmental subdivision or taxing authority of a foreign country.

(b) Limitation on Indemnity. Notwithstanding the provisions of paragraph (a) of this § 6, the Lessee shall have no obligation thereunder as to:

(1) any Taxes on, based on or measured by the net income of any Indemnitee imposed (i) by the United States of America, (ii) by the state or local government or other local taxing authority having geographical jurisdiction over the place in which such Indemnitee has its principal office, (iii) by

any state or local government or taxing authority in the state in which the trust created by the Trust Agreement has its situs, on such trust or (iv) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by the United States of America taking into account any applicable limitation on the aggregate amount of such credit and after assuming that all other Taxes of such Indemnitee for the same or prior periods which qualify for such credit are first allowed;

(2) any Taxes on, based on, or measured by, any fees or compensation received by the Lessor or the Vendor for their respective services rendered in connection with the transactions contemplated hereby;

(3) any Taxes included in the Purchase Price; or

(4) any Taxes on, based on or measured by the net income of any Indemnitee imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of such Indemnitee's being engaged in business in such foreign country through activities unrelated to the transactions contemplated by the Participation Agreement, to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of withholding taxes which would be payable if such Indemnitee were not so engaged in such business;

provided, however, that, notwithstanding the foregoing subparagraphs (1) through (4), there shall not be excluded any Taxes imposed by any jurisdiction on, based on, or measured by, net income resulting directly or indirectly (whether by inclusion of an item in gross income, disallowance of a credit against tax, disallowance of a deduction for depreciation or otherwise) from (x) the Lessee's receipt of or right to receive any refund or credit from the Builder with respect to the Units, (y) any payment by the Builder in satisfaction of a claim against the Builder with respect to the Units, unless such Taxes shall have been indemnified by the Lessee pursuant to § 15 hereof or (z) any additional amount of indemnity paid by the Lessee pursuant to the last sentence of paragraph (a) of this § 6; provided further, however, that if an indemnification

payment is made pursuant to this § 6 (other than any payment of or indemnity for Canadian withholding taxes), the Lessee shall be entitled to offsetting tax benefits realized by the Owner which correspond to those described in the second, third and fourth sentences of § 15(c).

(c) Contest. If any proceeding (including the written claim or written threat of such proceeding) is commenced against any Indemnitee for any such Tax, such Indemnitee shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such Indemnitee shall upon receipt of indemnity satisfactory to it and at the expense of the Lessee (including, without limitation, all costs, expenses, losses, legal and accountants' fees and disbursements, penalties and interest) in good faith contest (after consultation with Lessee), in the name of the Lessee or such Indemnitee, the validity, applicability or amount of such Tax by (i) resisting payment thereof if such Indemnitee in its sole discretion shall determine such course of action to be appropriate, (ii) not paying the same except under protest, if protest is necessary and proper, or (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings. The Lessee, through its counsel, shall have the right to participate in and to control any proceeding relating to such contest; provided, however, that if counsel designated by such Indemnitee shall reasonably determine that control by Lessee's counsel might be detrimental to the best interests of such Indemnitee, then such Indemnitee's counsel shall have the sole right to control such proceeding. If any Indemnitee shall obtain a refund of all or any part of such Tax paid by the Lessee, such Indemnitee shall pay the Lessee the amount of such refund, plus any additional tax benefits realized by such Indemnitee as a result of such payment; provided, however, that such amount shall not be payable before such time as the Lessee shall have made all payments or indemnities then due under this § 6. If in addition to such refund such Indemnitee shall receive an amount representing interest on the amount of such refund, the Lessee shall be paid that proportion of such interest which is fairly attributable to Taxes paid by the Lessee prior to the receipt of such refund. The Lessee shall not be deemed to be in default under any of the above indemnification provisions so long as any Indemnitee shall diligently prosecute such contest.

(d) Reports. In case any report or return is

required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, the Lessee will either make such report or return in such manner as will show the ownership of the Units in the Lessor, and send a copy of such report or return to the Lessor, or will notify the Lessor of such requirement and make such report or return in such manner as shall be satisfactory to the Lessor.

(e) Indemnification Under CSA. In the event that the Lessor shall become obligated to make any payment to the Vendor or otherwise pursuant to Article 6 of the CSA (except to the extent the Lessor shall also be obligated to make such payment pursuant to the proviso to the last paragraph of Article 12 thereof) not covered by the first paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

§ 7. Maintenance; Casualty Occurrences; Insurance; Termination. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) in as good operating order, repair and condition as when originally delivered, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the interchange rules of the Association of American Railroads and the rules of any governmental agency or other organization with jurisdiction, if applicable.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days (each such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, or before such Unit shall have been returned in the manner provided in § 11 or § 13 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of such notice, on the next succeeding rental payment date) (such date being hereinafter called a

"Casualty Payment Date"), the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such Casualty Payment Date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of such Casualty Payment Date in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Casualty Value of each Unit as of the Casualty Payment Date for such Unit shall be the percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after the expiration of the original or extended term of this Lease and before such Unit shall have been returned in the manner provided in § 13 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be 20% of the Purchase Price of such Unit (unless such Casualty Occurrence occurs after the term of this Lease has been extended pursuant to § 14 hereof, in which case the amount of such Casualty Value shall be as agreed upon by the Lessor and the Lessee). Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit; provided that the Lessor shall have the right to transfer to the Lessee without recourse or warranty all of the Lessor's right, title and interest, if any, in and to any such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof (including the issuance of bills of sale for and on behalf of the Lessor), before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and is not in default hereunder, the Lessee shall be entitled to the

net proceeds of such disposition to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor; provided further, however, that if any such Unit suffering a Casualty Occurrence is disposed of by the Lessee pursuant to a customary railroad settlement rather than sold as provided in the preceding sentence, then any proceeds received on such settlement which exceed the Casualty Value of such Unit will, provided that the Lessee has previously paid such Casualty Value to the Lessor and is not in default hereunder, be for the benefit of the Lessee unless the scrap value of any such Unit disposed of pursuant to a customary railroad settlement is in excess of its Casualty Value, in which case the Lessee will pay such excess to the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, customarily insured against by the Lessee in respect of similar equipment owned or leased by it.

If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, pay such proceeds or condemnation payments to the Lessee. All insurance proceeds received by the Lessor pursuant to insurance maintained by the Lessee in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired so as to comply with the provisions of the first paragraph of this § 7; provided no Event of Default (or other event which after notice or

lapse of time or both would become an Event of Default) shall have occurred and be continuing.

In the event that the Lessee shall during the original term hereof, in its reasonable judgment, determine that the Units remaining under this Lease have become economically obsolete or surplus to the Lessee's requirements in the Lessee's business, as determined in good faith by the Board of Directors of the Lessee, the Lessee shall have the right, at its option and on at least 180 days' prior written notice to the Lessor and the Vendor, to terminate (which act shall hereinafter be called the "Termination") this Lease as to all but not less than all of such Units as of any succeeding rental payment date specified in such notice (such termination date so specified being hereinafter called the "Termination Date"); provided, however, that (i) the Termination Date shall be not earlier than January 1, 1991, (ii) no Event of Default or other event which after the lapse of time or the giving of notice or both would become an Event of Default shall have occurred and be continuing on such date or on the date on which the notice of such Termination shall be given and (iii) on the Termination Date all Units shall be in the condition required for redelivery pursuant to § 13 hereof.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids (and the Lessor may at its option obtain additional bids) for the purchase of each such Unit, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation, other entity or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date, the Lessor shall sell each such Unit for cash to the bidder who shall have submitted the highest bid prior to the Termination Date. The total sale price realized at each such sale shall be retained by the Lessor.

On such Termination Date, the Lessee shall pay to the Lessor with respect to the Units an amount equal to (i) the excess, if any, of the Termination Value (as hereinafter defined) for the Units computed as of such date over the sale price of the Units so sold after the deduc-

tion of all expenses incurred by the Lessor in connection with such sale and (ii) the rental payment with respect to the Units due on such Termination Date. The Termination Value of each such Unit as of the Termination Date shall be determined as follows: (a) if the Board of Directors of the Lessee shall have determined in good faith that such Unit shall not be used after the Termination Date for the transport of wheat in Canada, the Termination Value of such Unit as of the Termination Date shall be the percentage of the Purchase Price of such Unit set forth in Schedule C hereto opposite such date or (b) if the Board of Directors of the Lessee shall not have made such determination with respect to such Unit, the Termination Value of such Unit as of the Termination Date shall be the higher of (x) the percentage of the Purchase Price of such Unit set forth in Schedule B hereto opposite such date or (y) the Fair Market Purchase Price (determined in accordance with § 14 hereof) of such Unit as of such date. In no event shall the aggregate amount of sale proceeds retained by the Lessor and payments of rental and Termination Value received by the Lessor as aforesaid be less than the Termination Value (as defined in the CSA) with respect to the Units as of such Termination Date.

If no sale of all the Units shall occur on the Termination Date with respect thereto as provided above, no Termination shall occur with respect to any of the Units and this Lease shall continue in full force and effect without change.

Upon the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Unit on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

If the Lessee shall exercise its option to effect

a Termination, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor and upon satisfaction and discharge of the Lessor's obligations under the CSA with respect to the Units, elect to retain such Units, in which case the Lessee shall not be obligated to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain such Units and delivers to the Lessee evidence of the satisfaction and discharge of the Lessor's obligations under the CSA with respect to the Units, the Lessee shall deliver such Units to the Lessor in accordance with the provisions of § 13 hereof.

§ 8. Reports. On or before May 31 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof have been preserved or replaced, (c) stating that the Lessee is in compliance with the requirements under § 7 hereof as to maintenance of insurance and describing in reasonable detail any insurance then being maintained in respect of the Units and in respect of any similar equipment owned or leased by the Lessee and (d) stating that, based on advice of counsel, all filings, registrations, recordings and deposits and all refilings, reregistrations, rerecordings and redeposits necessary for the proper protection of the Vendor's and the Lessor's respective rights in the Units, and for the purpose of carrying out the intention of this Lease, the CSA and the Assignment have been duly accomplished (and upon the written request of the Vendor or the Lessor the Lessee will furnish to the Vendor and the Lessor an opinion of counsel (who may be an employee of the Lessee) satisfactory to the Vendor and the Lessor to such effect). The Lessor shall have the right (but not the obligation) by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the

Lessor may request during the continuance of this Lease.

On or before December 15 in each year commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement to the effect that all payments required to be made hereunder during the year ending on the next succeeding January 1 have been duly authorized by Her Majesty in right of Canada, either by an appropriation of the Parliament of Canada or by other appropriate action, and such statement shall include a brief description of such appropriation or action, as the case may be.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder, including, but not limited to, any claims and rights arising under the provisions of the CSA; 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 foregoing provisions of this § 9 shall not be deemed to affect the Lessee's rights of quiet enjoyment, possession, use and assignment provided under §§ 4 and 12 hereof. Any amount received by the Lessee or the Lessor as payment under any such rights or claims against the Builder shall be applied to restore the Units to the condition required by § 7 hereof, except to the extent any such Units shall have suffered a Casualty

Occurrence, in which case such amount shall be applied to the payment of the Casualty Value thereof pursuant to § 7 hereof; provided, however, that if an Event of Default shall have occurred and be continuing such amount shall be paid to the Lessor. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all 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.

The Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transport of Canada, the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation, use, value or utility of the Units (all such laws and rules to such extent being hereinafter called the "Applicable Laws"), and in the event that the Applicable Laws require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest, with due diligence by appropriate legal proceedings, the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease or of the Vendor under the CSA and the failure to comply will not impair the value or

utility of the Units.

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Department of Transport of Canada, the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units or in accordance with their original purpose and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinafter defined) incorporated in or installed as part of any Unit shall without further act vest in the Lessor and the Vendor as their respective interests may appear in such Unit itself in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Unit pursuant to the terms of the second paragraph of this § 9 or (iii) notwithstanding the provisions of the third paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit would have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default

under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as part of any Unit as a result of any Addition shall vest in the Lessee. The term Part for the purposes of this paragraph and § 13 hereof shall mean any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary capacities) and the Owner ("Indemnified Persons") from and against all losses, damages, injuries, liabilities, claims (including, without limitation, claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith (including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, but excluding any items the Owner has agreed to pay pursuant to Paragraph 13 of the Participation Agreement), arising out of or as the result of the occurrence of an Event of Default under this Lease or any event which with notice or lapse of time or both would become an Event of Default under this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit, the compliance or noncompliance by the Lessee with any applicable law, rule or regulation with respect to the use, maintenance or operation of any Unit, or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person (except as otherwise provided in § 13 of this Lease); provided, however, that the Lessee shall not be required to indemnify any Indemnified Person in respect of such Indemnified Person's wilful misconduct or negligence or in respect of a breach by the Lessor of any of its obligations hereunder. The indemnities arising under this paragraph shall continue in full force and effect with respect to all events, facts, conditions or other circumstances occurring or existing prior to the expiration or termination of the term of this Lease and return of the Units as provided in § 11 or § 13 of this Lease, notwithstanding such expiration, termination and return; provided, however, that the foregoing indemnification shall not apply to any failure of payment of the principal of or

interest on the Conditional Sale Indebtedness and shall not be deemed to operate as a guarantee of the residual value of any Unit. The amount the Lessee shall be required to pay with respect to any of its obligations under this paragraph shall include a payment to the indemnified party sufficient to restore such party to the same position, after considering the effect of such payment on its income taxes, that the indemnified party would have been in had the liability or expense indemnified against not been incurred. The Lessee shall be obligated under this § 9, irrespective of whether the Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against an Indemnified Person in connection with any claim, indemnified against hereunder, the Lessee may, and upon the request of the Indemnified Person will, at the Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by the Indemnified Person in connection with such action, suit or proceeding. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge (which in the case of the Lessor shall mean actual knowledge of an officer or employee of the Lessor's Corporate Trust Department) thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, it shall be subrogated to any right of the Indemnified Person in respect of the matters against which indemnity has been given. Any payments received by an Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

In the event that the Lessor shall become obli-

gated to make any payment to the Vendor or otherwise pursuant to the first paragraph of Article 13 of the CSA not covered by the preceding paragraph, the Lessee shall pay such additional amounts to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to make any such payment in respect of any amount the Lessor shall become obligated to pay pursuant to such Article 13 in respect of a default or an event of default under the CSA unless such default or event of default shall be attributable to a default by the Lessee or an Event of Default hereunder.

The Lessee agrees to prepare and deliver, at its expense, to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any United States or Canadian Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor or the Vendor in the Units or the leasing thereof to the Lessee; provided, however, that, in the case of any filing with any United States Federal, state or other regulatory authority, the Lessor shall have made a written request to the Lessee for such filing within a reasonable time prior to the requested date of filing.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein called an "Event of Default") shall occur:

(a) default shall be made in payment of any amount provided in § 3, § 7 or § 14 hereof and such default shall continue for 10 days after such payment is due;

(b) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

(c) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any

interest herein, or of the right to possession of the Units, or any thereof; or

(d) any representation or warranty made by the Lessee in the Participation Agreement or in any document or certificate furnished by the Lessee to the Lessor, the Beneficiary or the Vendor in connection herewith or therewith or pursuant hereto or thereto shall be incorrect in any material respect when made;

then, in any such case, the Lessor, at its option, may,

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

(B) by notice in writing to the Lessee, terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as 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 Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all

rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, 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 subparagraph (B) with respect to such Unit, 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 (in addition to the amounts payable pursuant to §§ 6, 9 and 15 hereof), as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies, except as otherwise provided above, and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

In the event the Lessee shall fail to pay any

amount hereunder by reason of the failure to obtain the necessary Parliamentary appropriations, then the Lessor, at its option, may, by notice in writing to the Lessee, terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom.

If the Lessee fails to perform or comply with any agreement, covenant or condition contained in this Lease, and such nonperformance or noncompliance could, with the lapse of time and/or demand or failure to take action, result in an Event of Default under clause (a) or (b) of this § 10, the Lessor itself may (but shall not be obligated to), upon notice to the Lessee, perform or comply with such agreement, covenant or condition to the extent provided in Article 15(e) of the CSA, and the amount of the reasonable costs and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amounts at the rate of 2% per annum over the Floating Prime Rate (as defined in Article 4 of the CSA), shall be payable to the Lessor by the Lessee upon demand.

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 requirements of law, now or hereafter in effect, which might limit or modify 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 to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the

contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Lessor pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) be in compliance with the Applicable Laws. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be placed upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) cause the Units to be transported to any reasonable place on any lines of a Canadian railway or to the point of interconnection with any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any 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 Unit, to inspect the same. All per diem amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay, as liquidated damages for the failure so to assemble, deliver and store such Unit, to the Lessor for each day thereafter an amount equal to the amount, if any, by which 1/180 of the rental payment on the next preceding rental payment date exceeds the actual earnings received by the Lessee on such Unit for each such day and paid over to the Lessor pursuant to the preceding sentence; such payment shall not affect the obligation of the Lessee to redeliver the Equipment pursuant to the first sentence of this paragraph.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. The Lessor agrees that it will not assign any of its rights under this Lease without the prior written consent of the Lessee, except as provided in Article VII of the Trust Agreement, and the Lessee shall be under no obligation to any assignee of the Lessor except under written notice of such assignment from the Lessor; provided, however, that upon receiving notice of any such assignment the Lessee shall give the necessary acknowledgment of such notice required to be given under Part IX of the Financial Administration Act (Canada) in order to make such assignment effective.

So long as no Event of Default or event which with notice or lapse of time would become an Event of Default exists hereunder, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units and, without the Lessor's consent, to sublease the Units to,

or to permit their use by, or to enter into an operating agreement with respect to the Units with, a user incorporated in Canada or in the United States of America (or any state thereof or the District of Columbia), upon lines of railroad owned or operated by the Lessee or such user or over which the Lessee or such user has trackage rights or other operating rights or over which any of their railroad equipment is regularly operated pursuant to contract and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or runthrough service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that (1) the Lessee shall not sublease or use or permit the sublease or use of any Unit outside the United States of America or Canada and (2) that the Lessee shall not sublease any Unit or enter into an operating agreement with respect to any Unit in either case for a term of more than one year without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, except that no such consent shall be necessary in the case of any operating agreement with Canadian National Railway Company ("CNR") or Canadian Pacific Limited ("CP"); provided that upon the request of the Lessor or the Vendor the Lessee will deliver a copy of any such operating agreement with CNR or CP, as the case may be, or the operative portions thereof to the Lessor and the Vendor. No such sublease or agreement for use by others shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Any such sublease or operating agreement shall be subject to the rights and remedies of the Lessor under this Lease in respect of the Units covered by such sublease or agreement upon the occurrence of an Event of Default hereunder and shall obligate the sublessee or user of such Units to maintain such Units in at least as good operating order, condition and repair as required by § 7 hereof.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged (a) any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor not related to the ownership or leasing of the Units and except any lien created by the CSA) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor or the Lessee therein, except that this covenant

will not be breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent, (b) any rights, claims, liens, security interests or other encumbrances arising from, through or under Itel Corporation or its assignees and (c) any claims, liens, security interests or other encumbrances created by any person other than the Builder or any of its affiliates, after such Unit has been handed over by the Builder to CNR at the storage area at the Builder's plant pursuant to the Bailment Agreement dated as of April 22, 1980, between the Builder and CNR, as amended by an amendment thereto dated as of May 8, 1980; provided, however, that the Lessee shall be under no obligation to discharge any such right, lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the failure to discharge the same does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA.

The Lessor agrees that it will, at its own cost and expense, and in its individual capacity, promptly take such action as may be necessary to duly discharge any liens or encumbrances on any of the Units which result from claims against the Lessor not related to the ownership of the Units or the administration of the Trust Estate (as defined in the Trust Agreement).

§ 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease, the Lessee will (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate and permit the Lessor to store such Units on such tracks for a period not exceeding 90 days and transport the same, at any time within such 90-day period, to a final destination at any reasonable place on any lines of a Canadian railway or to the point of interconnection with any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee, the movement

and storage of the Units to be at the expense and risk of the Lessee during such 90-day period. 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, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease and, upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) be in compliance with the Applicable Laws.

§ 14. Renewal and Purchase Options. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the original term or any extended term of this Lease, as the case may be, (i) elect to extend the term of this Lease in respect of all, but not fewer than all, the Units then covered by this Lease, for any number of separate successive two-year periods commencing on the scheduled expiration of the original term or extended term of this Lease, as the case may be, at a Fair Market Rental (as hereinafter defined) payable in semi-annual payments in arrears, commencing six months after the next preceding rental payment date, in each year of such extended term; or (ii) at the end of the second two-year renewal term or any succeeding renewal term, as provided above, purchase all, but not fewer than all, the Units then subject to this Lease, at a Fair Market Purchase Price (as hereinafter defined) payable at the end of such extended term. Any such extension shall be on the same terms and conditions as are contained in this Lease, except as to the amount of rentals, which shall be at a Fair Market Rental,

payable semiannually in arrears, and except as to applicable Casualty Values and Termination Values, if any, which shall be as agreed upon between the Lessor and the Lessee at the time of such extension, or as shall be determined by appraisal as set forth below.

The Fair Market Rental and Fair Market Purchase Price shall be determined on the basis of, and shall be equal in amount to, the cash rental for a two-year renewal of this Lease or the purchase price (as of such date as the context herein requires), as the case may be, which would obtain in an arm's-length transaction between an informed and willing lessee or purchaser (other than a scrap or used equipment dealer) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental or purchase price and assuming that the Units have been collected in one place directed by the Lessor, but there shall be excluded any value attributable to additions, modifications and improvements which the Lessee is entitled to remove pursuant to § 9 hereof. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease or to exercise its purchase option, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental or Fair Market Purchase Price of the Units, such rental or purchase price shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such rental or purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental or Fair Market Purchase Price, as the case may be (and, in the

case of any renewal term, the Fair Market Rental and Fair Market Purchase Price at the beginning and end of such renewal term), of the Units then subject to this Lease or any extended term thereof, within 70 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental or Fair Market Purchase Price, as the case may be, of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental or Fair Market Purchase Price, as the case may be. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental or Fair Market Purchase Price, as the case may be, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

Upon payment of the purchase price of any Unit, pursuant to an election by the Lessee to purchase the Units, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

§ 15. Tax Indemnification.

(a) Tax Assumptions. This Lease has been entered into, and the Owner's Net Economic Return has been estimated, on the basis of the following assumptions for Federal, state and local income and franchise tax purposes (hereinafter referred to as the "Tax Assumptions"):

(1) this Lease will be treated as a true lease,

and the Owner will be treated as the beneficial owner of the Equipment;

(2) each Unit will be placed in service on its delivery date;

(3) the initial marginal Federal income tax rate to which the Owner will be subject in respect of its taxable income will be 46%; and

(4) the Owner will be entitled to take into account with respect to each Unit such credits, deductions and other benefits as are provided by the Internal Revenue Code of 1954, as amended (the "Code"), and the state and local taxing statutes in the jurisdictions in which the Owner has its principal office, including, without limitation:

(A) deductions for depreciation of 100% of the Purchase Price of each Unit (the "Depreciation Deductions"), computed on the following basis:

(i) election of the class life asset depreciation range system of depreciation under section 167(m) of the Code and Treasury Regulation § 1.167(a)-11 and selection of an asset depreciation period of 15 years;

(ii) 12 months of depreciation in the calendar year 1980, based upon the election of the "modified half-year" convention, if the Owner properly elects such convention and if the delivery date of such Unit occurs before July 1, 1980;

(iii) use of the double declining balance method of depreciation provided in section 167(b)(2) of the Code, and then switching to the sum-of-the-years-digits method of depreciation provided in section 167(b)(3) of the Code when most beneficial to the Owner; and

(iv) a net salvage value not exceeding 10% of the Purchase Price of such Unit, to be reduced to zero by the election permitted by section 167(f) of the Code;

(B) deductions with respect to interest payable on the Conditional Sale Indebtedness (the "Interest Deductions"); and

(C) amortization or depreciation of the Owner's expenses incurred in connection with this transaction (the "Amortization Deductions") at a rate no less rapid than straight line over the original Lease term.

The Owner will claim the Depreciation Deductions, the Interest Deductions and the Amortization Deductions on its Federal income tax returns and on the appropriate state and local income or franchise tax returns.

(b) Consistent Tax Returns. The Lessee agrees that neither it nor any affiliate will at any time take any action, directly or indirectly, or file any returns or other documents inconsistent with any of the Tax Assumptions or any of the statements set forth in clause (A), (B) or (C) of subparagraph (c)(3) of this § 15, and that the Lessee and any such affiliate will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent expressed in paragraph (a) and the statements set forth in clauses (A), (B) and (C) of subparagraph (c)(3) of this § 15.

(c) Indemnification. If by reason of

(1) any act of commission, omission or misrepresentation on the part of the Lessee,

(2) breach of any agreement, covenant, or warranty on the part of the Lessee contained herein or in the Participation Agreement or any exhibit thereto,

(3) the inaccuracy in law or in fact at the date of delivery by the Builder to the Lessor of any Unit of any representation on the part of the Lessee contained herein or in the Participation Agreement or in any exhibit thereto, or in any of the following statements:

(A) such Unit, on the date of its delivery by the Builder to the Lessor, will

constitute new property, and the original use of such Unit, within the meaning of Section 167 of the Code, will commence with the Lessor,

(B) the Purchase Price of such Unit will be less than or equal to its fair market value on its delivery date, or

(C) such Unit is not "limited use property" within the meaning of Rev. Proc. 76-30, 1976-2 C.B. 647, as amended, or

(4) the inaccuracy at the date of delivery by the Builder to the Lessor of any Unit of the opinion required pursuant to Paragraph 8(iii) of the Participation Agreement,

the Owner shall not be allowed for any taxable year (or portion thereof) all or any portion of the Depreciation Deductions, the Interest Deductions or the Amortization Deductions, or all or any portion of the Depreciation Deductions is recaptured pursuant to section 1245 of the Code or any other similar provision (any such nonallowance or recapture being referred to hereinafter as a "Loss"), then, unless excused by the provisions of paragraph (d) hereof, the Lessee will pay to the Owner an amount which, after reduction by all taxes (other than taxes on Canadian withholding taxes) required to be paid by the Owner in respect of the receipt of such amount, shall be equal to the sum of the aggregate additional Federal, state or local income taxes, or franchise taxes based on income, payable by the Owner with respect to such taxable year as the result of any such Loss plus, on an after-tax basis, an amount equal to any interest, additions to tax or penalties associated with such income or franchise taxes payable by the Owner. If, as a result of a Loss, the aggregate Federal, state or local income or franchise taxes paid by the Owner for any taxable year, including any taxable year after the expiration of this Lease, shall be less than the amount of such taxes which would have been payable by the Owner had no such Loss occurred, then the Owner will pay the Lessee promptly the amount of such difference in taxes plus any additional tax benefits realized by the Owner as a result of such payment; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the sum of such payment

and all other payments by the Owner for that Loss pursuant to this paragraph (c) would exceed the amount of all payments by the Lessee to the Owner for that Loss pursuant to this paragraph (c). Any amount which the Owner would have been required to pay the Lessee under this paragraph (c) but for the limitations in the preceding sentence shall reduce pro tanto the amount, if any, which the Lessee is subsequently obligated to pay the Owner under this paragraph (c). All amounts payable to the Owner hereunder shall be paid promptly, and in any event within 30 days after receipt by the Lessee of a written demand therefor, accompanied by a written statement describing in reasonable detail the related Loss and the computation of the amount so payable; provided, however, that the Lessee shall not be required to pay any such amount prior to the time provided in subparagraph (f) if the Loss in question is being contested, or, if there is no contest of such Loss, prior to the earlier of (i) the filing of a return or the acceptance of an audit report or closing agreement in which such Loss is reflected and (ii) the payment of additional tax which becomes due as a result of such Loss. Any payment due to the Lessee from the Owner pursuant to this paragraph (c) shall be paid promptly and in any event within 30 days after the Owner realizes any such savings in its income or franchise taxes or additional tax benefits, as the case may be.

(d) Limitation on Indemnification. Notwithstanding anything to the contrary set forth in paragraph (c), the Lessee shall have no liability to the Owner for indemnification hereunder for any Loss,

(1) to the extent that such Loss is a direct result of the occurrence of any event which causes the Lessee to pay in full the Casualty Value or the Termination Value of any Unit; or

(2) to the extent of any tax penalties for which the Owner becomes liable other than by reason of any transaction contemplated by the Participation Agreement.

(e) Indemnity for Capital Expenditures. If at any time the Owner is required by (i) a provision of any tax law or the regulations promulgated thereunder; (ii) any published revenue ruling, revenue procedure, or other published statement of position by any taxing

authority which has not been held invalid by any court having appellate jurisdiction over the tax liability of the Owner in a decision which has become final; or (iii) a determination upon any audit of the Owner's tax return, to include in its gross income for Federal, state or local income or franchise tax purposes an amount in respect of any Addition to any Unit ("Capital Expenditures"), then the Lessee will pay to the Owner such amount or, from time to time, such amounts which, after reduction by all taxes (other than taxes on Canadian withholding taxes) required to be paid by the Owner in respect of the receipt of such amounts, shall be equal to the sum of the aggregate additional Federal, state or local income or franchise taxes payable by the Owner from time to time as a result of such Capital Expenditure, plus, on an after-tax basis, an amount equal to any interest, additions to tax or penalties associated with such income or franchise taxes payable by the Owner. If as a result of any Capital Expenditure the aggregate Federal, state or local income or franchise taxes paid by the Owner for any taxable year, including any taxable year after the expiration of this Lease, shall be less than the amount of such taxes which would have been payable by the Owner had such Capital Expenditure not been made, then the Owner will pay the Lessee the amount of such savings in taxes plus any additional tax benefits realized by the Owner as the result of such payment; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the sum of such payment and all other payments by the Owner for that Addition pursuant to this paragraph (e) would exceed the amount of all payments by the Lessee to the Owner for that Addition pursuant to this paragraph (e). Any amount which the Owner would have been required to pay the Lessee under this paragraph (e) but for the limitations in the preceding sentence shall reduce pro tanto the amount, if any, which the Lessee is subsequently obligated to pay the Owner under this paragraph (e). All amounts payable to the Owner hereunder shall be paid promptly, and in any event within 30 days, after receipt by the Lessee of a written demand therefor, accompanied by a written statement describing in reasonable detail the inclusion in gross income and the computation of the amount so payable; provided, however, that the Lessee shall not be required to pay any such amount prior to the time provided in paragraph (f) if the inclusion in question is being contested, or, if there is no contest of such inclusion,

prior to the earlier of (i) the filing of a return or the acceptance of an audit report or closing agreement in which such inclusion is reflected and (ii) the payment of additional tax which becomes due as a result of such inclusion. Any payment due to the Lessee from the Owner pursuant to this paragraph (e) shall be paid promptly and in any event within 30 days after the Owner realizes any such savings in its income or franchise taxes or additional tax benefits, as the case may be. The Owner shall attempt to maximize the tax benefits to which it may become entitled as a result of the inclusion of the cost of Capital Expenditures in gross income, by making such elections (including, where advantageous, the applicable asset guideline repair allowance and accelerated depreciation, if then permitted) and utilizing such conventions and accounting methods as will further such objectives; provided, however, that the Owner shall not be required to make any election or utilize a particular convention or accounting method if the Owner shall determine, in its sole discretion, that in so doing it will adversely affect its tax liability determined without regard to this transaction.

(f) Contest of Disallowance of Tax Benefits. In the event a claim shall be made at any time by the Internal Revenue Service which, if successful, would require the Lessee to indemnify the Owner under paragraph (c) or (e) of this § 15, the Owner hereby agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request in writing from time to time; provided, however, that: (i) within 30 days after notice by the Owner to the Lessee of such claim, the Lessee shall request that such claim be contested; (ii) the Owner, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims, as the Owner shall elect, or contest such claim in the United States Tax Court; (iii) prior to taking such action, the Lessee shall have furnished the Owner with an opinion of Sidley & Austin or other independent tax counsel satisfactory to the Owner to the effect that a meritorious defense exists to such claim; (iv) the Lessee shall have indemnified the Owner in a manner satisfactory to it for any liability or loss arising out of the transactions contemplated by the Participation Agreement which the Owner

may incur as the result of contesting such claim and shall have agreed to pay the Owner on demand an amount which, after payment of all taxes incurred in respect of the receipt thereof, less any taxes saved by the deduction thereof, shall be equal to all costs and expenses which the Owner may incur in connection with contesting such claim, including, without limitation, reasonable attorneys' and accountants' fees and disbursements, and the amount of any interest or penalty which may ultimately be payable as a result of contesting such claim; and (v) if the Owner shall have elected hereunder to pay the tax claimed and then seek a refund, the Lessee will provide the Owner with sufficient funds, on an interest free basis, to pay the tax. If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall have reasonably requested the Owner to contest such claim as above provided and shall have duly complied with all the terms of this paragraph (f), the Lessee's liability for indemnification shall become fixed upon final determination of the liability of the Owner. At such time the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Owner shall become obligated to pay to the Lessee any refund received (or the amount of any credit of tax pursuant to Section 6402 of the Code), plus any tax benefits realized by the Owner as a result of such payment by the Owner to the Lessee. The obligations of the Owner and the Lessee will first be set off against each other and any difference owing by either party shall be paid within 30 days after such final determination. If in connection with such final determination the Owner received a refund of tax, any interest also received by the Owner and fairly attributable to such refund of tax will be paid over to the Lessee. In the case of any such claim by the Internal Revenue Service referred to above, the Owner agrees promptly to notify the Lessee in writing of such claim and agrees not to make payment of the tax claimed nor to consent to the assessment of any deficiency relating to such claim for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such claim which may be particularly within the knowledge of the Owner and otherwise to cooperate with the Lessee in good faith in order to contest any such claim effectively.

(g) Definition of Owner. For purposes of this § 15, the term "Owner" shall include any member of an

affiliated group, within the meaning of Section 1504 of the Code, of which the Owner is a member.

(h) Computation. All computations required to be made as a result of indemnity claims under this § 15 shall be made in the first instance by the Owner. The Owner further agrees to maintain and keep all original assumptions and materials relating to the calculation of the Owner's economic and accounting return over the term of this Lease. If requested by the Lessee, such computations, assumptions and materials shall, at the Lessee's expense, be provided to and verified by independent public accountants jointly selected by the Owner and the Lessee, and the Lessee shall reimburse the Owner for all amounts paid to outside contractors, including but not limited to attorneys, auditors or other third parties reasonably necessary to make such computations or verify such assumptions and materials.

§ 16. Recording. The Lessee will cause this Lease, the CSA and any assignment hereof or thereof to be filed in accordance with 49 U.S.C. § 11303 and as contemplated by Paragraph 7(b) of the Participation Agreement. The Lessee will undertake the filing, registering, deposit and recording required of the Lessor under the CSA and will from time to time, at the expense of the Lessee, do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law (including renewals of the filings contemplated by Paragraph 7(b) of the Participation Agreement) or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective rights in the Units, or for the purpose of carrying out the intention of this Lease, the CSA and the Assignment (as defined in the Participation Agreement). The Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing, recording and other acts which may be required under this § 16. The filings referred to in the first sentence of this § 16 shall be made prior to the delivery and acceptance hereunder of any Unit.

§ 17. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall

result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at a rate equal to 2% per annum over the Floating Prime Rate on the overdue rentals and other obligations for the period of time during which they are overdue.

§ 18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or deposited in the mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department; and

if to the Lessee, at 423 Main Street, Winnipeg, Manitoba R3C 2P5, Attention of Treasurer/Comptroller;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice, certificate, document or report required to be furnished by any party to the Vendor shall be delivered to the Vendor at its applicable address for notices under the Participation Agreement.

§ 19. Additional Rental Adjustments in Certain Circumstances. Notwithstanding anything herein to the contrary, in the event the Owner shall elect to purchase all or any portion of the unrepaid investment of Morgan Guaranty Trust Company of New York (the "Investor") in the Conditional Sale Indebtedness pursuant to clause (y) of paragraph (b) of Paragraph 19 of the Participation Agreement, the rentals provided herein (and the related schedules of Casualty Value and Termination Value) for the Units relating to the portion of the Investor's interest so purchased shall be adjusted to such rate as shall cause the cost to the Lessee with respect to such Units to be 12.75% per annum nominal implicit rate (plus an upward adjustment to preserve the after-tax economic yields and cash flows for such Units that the Owner would have had, after giving effect to such purchase, if the Owner had not been required to pay on January 1, 1981, the interest accrued on the Conditional Sale Indebtedness from the

first Closing Date (as defined in the CSA) to January 1, 1981) during the basic term of the Lease commencing on January 1, 1981. In the event the Owner shall have the right to make such election but shall not elect to purchase the entire interest of the Investor, the rentals provided herein (and the related schedules of Casualty Value and Termination Value) for the Units relating to the portion of the Investor's interest not so purchased shall be adjusted to preserve the Owner's Net Economic Return with respect to such Units (such adjustments to preserve Net Economic Return will include any adjustment necessitated by the difference, if any, on each day after the first Closing Date between 13% per annum and the rate of interest payable on the Conditional Sale Indebtedness on such day).

The parties agree to cooperate fully in the preparation of the documents required to effect the changes required in this Lease to implement the foregoing provisions of this § 19.

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

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment

hereof shall be filed, recorded or deposited, or in which any Unit of the Equipment shall be located, and any rights arising out of the markings of the Units of Equipment. Notwithstanding anything herein to the contrary, any action, suit or proceeding to enforce the obligations of the Lessee or Her Majesty in right of Canada hereunder shall be brought only in an appropriate forum in Canada.

§ 22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual dates of execution hereof by the parties hereto are dates stated in the acknowledgments hereto annexed.

§ 23. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein, made on the part of the Lessor, are made and intended not as personal representations, warranties, covenants, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said bank not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct on the part of such bank, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Owner on account of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of the Lessor or the Owner herein, other than pursuant to the last sentence of the fifth paragraph of § 9 hereof or the last paragraph of § 12 hereof and, in the case of the Owner, § 15 hereof, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee, the Vendor and by all persons claiming by, through or under either of them.

§ 24. Judgment. (a) If for the purposes of

obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Lessor could purchase U.S. dollars with such other currency on the business day preceding that on which final judgment is given.

(b) The obligation of the Lessee in respect of any sum due from it to the Lessor hereunder shall, notwithstanding any judgment in a currency other than U.S. dollars, be discharged only to the extent that on the business day following receipt by the Lessor of any sum adjudged to be so due in such other currency the Lessor may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to the Lessor in U.S. dollars, the Lessee agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lessor against such loss, and if the U.S. dollars so purchased exceed the sum originally due to the Lessor in U.S. dollars, the Lessor agrees to remit to the Lessee such excess.

§ 25. Payment of Certain Expenses. In the event the transactions contemplated by the Participation Agreement are not consummated, or if no Equipment is delivered under the CSA and this Lease, on or prior to December 31, 1980, all amounts otherwise payable by the Owner pursuant to the last two sentences of the first paragraph of Paragraph 13 of the Participation Agreement will be paid by the Lessee. In addition, the Lessee will pay the reasonable fees and disbursements of the Vendor and the Lessor incurred subsequent to the termination of this Lease by the Vendor after the occurrence of an Event of Default hereunder or attributable to periods during the continuance of a Declaration of Default made under the CSA while an Event of Default hereunder shall have occurred and be continuing. The obligations of the Lessee under this § 25 will survive termination of this Lease.

§ 26. Applicable Statutory Provisions. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that the obligations of the Lessee and Her Majesty in right of Canada hereunder shall be subject to the provisions of the Financial Administration Act

(Canada), as in effect on the date of execution hereof.

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

THE CANADIAN WHEAT BOARD,
a body corporate acting as
agent of Her Majesty in right
of Canada,

by

[Seal]

Attest:

by

Secretary

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

by

Authorized Officer

[Corporate Seal]

Attest:

Authorized Officer

PROVINCE OF MANITOBA,)
) ss.:
CITY OF WINNIPEG,)

On this day of 1980, before me personally appeared and , to me personally known, who, being by me duly sworn, say that they are the and the of THE CANADIAN WHEAT BOARD, that one of the seals affixed to the foregoing instrument is the seal of said Board, that said instrument was signed and sealed on behalf of said Board by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Board.

Notary Public

My Commission Expires

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

On this 19th day of November 1980, before me personally appeared CLARK M. WHITCOMB, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the 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.

Carol Lee Shattuck
Notary Public

[Notarial Seal]

CAROL LEE SHATTUCK
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1985

My Commission Expires

SCHEDULE B TO LEASE

Casualty Values

The Casualty Value of any Unit to be paid on a Casualty Value Payment Date during the primary term shall be an amount equal to the percentage of the Purchase Price of such Unit set forth opposite such Casualty Value Payment Date in the following schedule; provided, however, that in the event the Lessee makes payments pursuant to § 15(c) hereof or a similar payment pursuant to § 6 hereof to reflect a Loss of Depreciation Deduction (as such terms are defined in § 15(c) hereof) such percentage of the Purchase Price of such Unit shall be redetermined and adjusted in a manner which, after taking into account such payments, will provide the Owner the same after-tax rate of return as contemplated by this Lease, it being understood that no such redetermination or adjustment shall reduce the amount payable on any date for Casualty Value to an amount less than the aggregate principal amount of the Conditional Sale Indebtedness to be unpaid on such date, together with interest and premium, if any, thereon to be accrued and unpaid on such date.

Casualty Value Payment Date	Percentage of Purchase Price	Casualty Value Payment Date	Percentage of Purchase Price
1/1/81	112.30	1/1/94	110.00
7/1/81	112.30	7/1/94	107.32
1/1/82	115.00	1/1/95	104.55
7/1/82	117.45	7/1/95	101.63
1/1/83	119.38	1/1/96	98.56
7/1/83	121.03	7/1/96	95.29
1/1/84	122.41	1/1/97	91.80
7/1/84	123.52	7/1/97	88.08
1/1/85	124.34	1/1/98	84.17
7/1/85	124.89	7/1/98	80.25
1/1/86	125.16	1/1/99	76.44
7/1/86	125.17	7/1/99	72.66
1/1/87	124.90	1/1/00	69.04
7/1/87	124.37	7/1/00	65.49
1/1/88	123.70	1/1/01	62.16
7/1/88	122.99	7/1/01	58.96
1/1/89	122.22	1/1/02	55.79
7/1/89	121.41	7/1/02	52.40
1/1/90	120.54	1/1/03	48.94
7/1/90	119.61	7/1/03	45.25
1/1/91	118.62	1/1/04	39.41
7/1/91	117.56	7/1/04	34.33
1/1/92	116.43	1/1/05	27.06
7/1/92	115.22	7/1/05	23.54
1/1/93	113.94	1/1/06	19.81
7/1/93	112.58		

SCHEDULE C TO LEASE

Termination Values

The Termination Value of the Units to be paid on any Termination Date during the primary term shall be an amount equal to the percentage of the Purchase Price of the Units set forth opposite such Termination Date in the following schedule; provided, however, that in the event the Lessee makes payments pursuant to § 15(c) hereof or a similar payment pursuant to § 6 hereof to reflect a Loss of Depreciation Deduction (as such terms are defined in § 15(c) hereof), such percentage of the Purchase Price of the Units shall be redetermined and adjusted in a manner which, after taking into account such payments, will provide the Owner the same after-tax rate of return as contemplated by this Lease, it being understood that no such redetermination or adjustment shall reduce the amount payable on any date for Termination Value to an amount less than the aggregate principal amount of the Conditional Sale Indebtedness to be unpaid on such date, together with interest and premium, if any, thereon to be accrued and unpaid on such date.

Termination Dates	Percentage of Purchase Price	Termination Dates	Percentage of Purchase Price
1/1/91	116.58	1/1/99	73.15
7/1/91	115.46	7/1/99	69.27
1/1/92	114.27	1/1/00	65.54
7/1/92	113.00	7/1/00	61.89
1/1/93	111.64	1/1/01	58.45
7/1/93	110.21	7/1/01	55.14
1/1/94	107.56	1/1/02	51.85
7/1/94	104.81	7/1/02	48.35
1/1/95	101.96	1/1/03	44.76
7/1/95	98.97	7/1/03	40.95
1/1/96	95.81	1/1/04	33.97
7/1/96	92.45	7/1/04	25.75
1/1/97	88.88	1/1/05	19.35
7/1/97	85.07	7/1/05	13.68
1/1/98	81.07	1/1/06	9.81
7/1/98	77.06		

SCHEDULE D TO LEASE

Certificate of Acceptance

To: The Connecticut Bank and Trust Company,
as Trustee (the "Lessor")
One Constitution Plaza
Hartford, Connecticut 06115
Attention of Corporate Trust Department

I, the duly authorized representative of The Connecticut Bank and Trust Company (the "Lessor") and The Canadian Wheat Board (the "Lessee"), for the purposes of the Conditional Sale Agreement dated as of October 1, 1980, between Hawker Siddeley Canada Inc. and the Lessor and the Lease of Railroad Equipment dated as of October 1, 1980, between the Lessee and the Lessor, DO HEREBY CERTIFY that there has been inspected on behalf of the Lessee and the Lessor and found to be completed and marked in accordance with the said Conditional Sale Agreement and Lease and the applicable specifications, requirements and standards referred to in said Conditional Sale Agreement, and that there has been delivered to the Lessor at

, and fully and finally accepted by me on behalf of the Lessee and the Lessor (both under the said Conditional Sale Agreement and the said Lease), the following units of railroad equipment constructed by Hawker Siddeley Canada Ltd. pursuant to said Conditional Sale Agreement:

Description	Quantity	No.

I DO HEREBY FURTHER CERTIFY that, in accordance with Article 9 of the said Conditional Sale Agreement and § 5 of the said Lease, there is plainly, distinctly, permanently and conspicuously marked on each side of each of said units the following legend in letters not less than one inch in height:

> "Owned by a Bank or Trust Company. Ownership Subject to a Conditional Sale Agreement Filed with the Interstate Commerce Commission."

Dated: , 1980

_____
Authorized Representative of
Lessor and Lessee

Builder: Hawker Siddeley
Canada Inc.

[CS&M Ref.: 2044-076]

LEASE OF RAILROAD EQUIPMENT

Dated as of October 1, 1980

Between

THE CANADIAN WHEAT BOARD,

Lessee,

and

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

Lessor.

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

LEASE OF RAILROAD EQUIPMENT dated as of October 1, 1980, between THE CANADIAN WHEAT BOARD, a body corporate acting as agent of Her Majesty in right of Canada (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not individually but solely in its capacity as Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement").

The Lessor is entering into a conditional sale agreement dated as of the date hereof (the "CSA") with Hawker Siddeley Canada Inc. (the "Builder") wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (the "Equipment"). Mellon National Leasing and Management Corporation (the "Owner") will be the beneficial owner of the Equipment delivered and accepted under the CSA. The Builder is assigning its interest in the CSA to Mercantile-Safe Deposit and Trust Company, acting as agent (said bank acting in such capacity being hereinafter called the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

The Lessee desires to lease such number of units of the Equipment as are delivered, accepted and settled for under the CSA (the "Units") and for which Certificates of Acceptance referred to in § 2 hereof are executed and delivered, at the rentals and upon the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter contained, the parties hereto hereby agree as follows:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to (a) any abatement or reduction of rent, including, but not limited to, abatements or reductions due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under any

other agreement, or against the Builder or the Vendor or otherwise or (b) any setoff against rent, including, but not limited to, any setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under any other agreement or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment required to be made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessor under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points at which such Unit is delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor under the CSA and itself hereunder and execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") in substantially the form of Schedule D

hereto, which shall be deemed to form a part hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 50 consecutive semiannual payments, payable in arrears, on January 1 and July 1 in each year, commencing July 1, 1981 (each of such 50 dates being hereinafter called a "Rental Payment Date"). The first 25 semiannual payments shall each be in an amount equal to 5.15738% of the Purchase Price (as hereinafter defined) of each Unit then subject to this Lease and the second 25 semiannual payments shall each be in an amount equal to 6.30346% of the Purchase Price of each Unit then subject to this Lease. The term "Purchase Price" as used herein with respect to any Unit shall mean the Purchase Price of such Unit determined as provided in the CSA and written notice of which shall have been given by the Lessor to the Lessee; provided, however, that in no event shall the Purchase Price of any Unit exceed U.S. $50,000 unless the Lessee shall otherwise agree in writing.

The Lessee also agrees to pay as additional rent hereunder the amounts referred to in §§ 6, 9 and 15 hereof.

The Lessor and the Lessee agree that if (a) the Owner shall be required to make any payment or reimbursement under either of the last two sentences of the first paragraph of Paragraph 13 of the Participation Agreement, (b) there shall be a difference on any day after the first Closing Date (as defined in the Participation Agreement) between 13% per annum and the rate of interest payable on the Conditional Sale Indebtedness (as defined in the CSA) on such day, or (c) by reason of any change or modification in applicable Federal, state or local income or franchise tax law enacted or effective before January 1, 1981, which affects any of the Tax Assumptions (as defined in § 15 hereof) for any taxable year (or portion thereof) of the Owner, the Owner shall actually realize any additional Federal, state or local income or franchise tax benefit beyond those contemplated by the Tax Assumptions, or shall actually suffer a reduction in any Federal, state or local income or franchise tax benefit contemplated by the Tax Assumptions, then the rentals payable hereunder and the Casualty Values and Termination Values set forth in Schedules B and C hereto will be appropriately increased

(or adjusted upward or downward in the case of the foregoing clauses (b) and (c)) to preserve the Owner's after-tax economic yields and cash flows (computed on the same assumptions, including tax rates, as were utilized by the Owner in originally evaluating this transaction (such economic yields and cash flows being hereinafter called the "Net Economic Return")). In addition, the Lessor and the Lessee agree that if any increase in rentals and the Casualty Values and Termination Values (as such terms are defined in the Other Lease hereinafter referred to) shall be made pursuant to clause (c) of the third paragraph of § 3 (including the proviso thereto) of the Lease of Railroad Equipment dated as of April 1, 1980, between the Lessee and The Connecticut Bank and Trust Company, as trustee under a Trust Agreement dated as of April 1, 1980, with Mercantile-Safe Deposit and Trust Company and J. P. Morgan Interfunding Corp., as amended by an Amendment Agreement dated as of October 1, 1980 (such Lease of Railroad Equipment, as so amended, being herein called the "Other Lease"), then a corresponding increase shall be made in the rentals payable hereunder and the Casualty Values and the Termination Values set forth in Schedules B and C hereto.

All rental payments payable hereunder shall be in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

If any of the rental payment dates referred to above is not a business day, the rental payment otherwise payable on such date shall then be payable on the next succeeding business day. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, New York, New York, or Hartford, Connecticut, are authorized or obligated to remain closed.

The Lessee agrees to make each payment provided for in this § 3 in funds immediately available at or prior to 11:00 a.m. local time in the city where such payment is due.

Notwithstanding anything to the contrary contained in this Lease, in the event the aggregate of all payments otherwise required to be made under this Lease by the Lessee on or prior to March 31, 1981, shall exceed the equivalent of Can. $1,000,000, the amount of such excess

shall be due and payable on April 1, 1981.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10, 14 and 15 hereof, shall terminate on January 1, 2006. Except for obligations of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 13 hereof) shall survive the expiration of the term of this Lease.

So long as no Event of Default exists hereunder, this Lease may not be terminated and the Lessee shall be entitled to the rights of quiet enjoyment, possession, use and assignment provided under § 12 hereof. The Lessee acknowledges that upon the occurrence of an Event of Default hereunder, the Vendor may exercise all the rights and remedies provided in the CSA.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNED BY A BANK OR TRUST COMPANY. OWNERSHIP SUBJECT TO A CONDITIONAL SALE AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated or approved by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Lessor's and the Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and of the Vendor under the CSA. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have

been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, that such filing and deposit will protect the Vendor's and the Lessor's rights in such Units and that no other filing, deposit or giving of notice with or to any Canadian or United States Federal, state, provincial or local government or agency thereof is necessary to protect the rights of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates or any long-term operator or sublessee permitted under § 12 hereof on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment under this Lease, and the Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

§ 6. Taxes. (a) Indemnity. The Lessee agrees that each rental or other payment hereunder (including, without limitation, any indemnity payable under § 15 hereof) shall be free of all withholdings of any nature whatsoever, and that in the event any withholding is required, the Lessee shall pay an additional amount such that the net amount of rental actually received by the Lessor free of withholding will equal the amount of rental then due absent such withholding. In addition, unless excused pursuant to the provisions of paragraph (b) of this § 6, the Lessee agrees to pay and, on written demand, to indemnify and hold the Lessor (in both its individual and fiduciary capacities) and the Owner (the "Indemnitees") harmless from, all license and registration fees and all taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever together with any penalties, fines or interest thereon (hereinafter collectively referred to as "Taxes") imposed against any Indemnitee, the Lessee, the Units or any portion thereof by any Federal, state or local

government or taxing authority in the United States or by any foreign government or governmental subdivision thereof or any taxing authority thereof (including, without limitation, Canadian deemed disposition taxes), if any, upon or with respect to the Units or any portion thereof, or upon or with respect to the purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon or with respect to the rentals, receipts or earnings arising therefrom including interest and principal payable on the Conditional Sale Indebtedness, or upon or with respect to this Lease, the CSA, the Participation Agreement, the Trust Agreement, the Assignment (as defined in the CSA), the Conditional Sale Indebtedness or the issuance, acquisition or subsequent transfer of the Conditional Sale Indebtedness, unless, and only to the extent that, any such Tax which is not imposed by way of withholding is being contested in good faith by the Lessee or such Indemnitee pursuant to paragraph (c) of this § 6 (and for the payment of which adequate reserves have been provided or other arrangements satisfactory to the Lessor have been made) by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of the Units or any interest therein and do not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee further agrees that, with respect to any payment or indemnity hereunder other than any payment of or indemnity for Canadian withholding taxes, such payment or indemnity shall include any amount necessary to hold the Indemnitee harmless, on an after-tax basis, from all Taxes required to be paid by such Indemnitee with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority or under the laws of any foreign government or any taxing authority or governmental subdivision or taxing authority of a foreign country.

(b) Limitation on Indemnity. Notwithstanding the provisions of paragraph (a) of this § 6, the Lessee shall have no obligation thereunder as to:

(1) any Taxes on, based on or measured by the net income of any Indemnitee imposed (i) by the United States of America, (ii) by the state or local government or other local taxing authority having geographical jurisdiction over the place in which such Indemnitee has its principal office, (iii) by

any state or local government or taxing authority in the state in which the trust created by the Trust Agreement has its situs, on such trust or (iv) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by the United States of America taking into account any applicable limitation on the aggregate amount of such credit and after assuming that all other Taxes of such Indemnitee for the same or prior periods which qualify for such credit are first allowed;

(2) any Taxes on, based on, or measured by, any fees or compensation received by the Lessor or the Vendor for their respective services rendered in connection with the transactions contemplated hereby;

(3) any Taxes included in the Purchase Price; or

(4) any Taxes on, based on or measured by the net income of any Indemnitee imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of such Indemnitee's being engaged in business in such foreign country through activities unrelated to the transactions contemplated by the Participation Agreement, to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of withholding taxes which would be payable if such Indemnitee were not so engaged in such business;

provided, however, that, notwithstanding the foregoing subparagraphs (1) through (4), there shall not be excluded any Taxes imposed by any jurisdiction on, based on, or measured by, net income resulting directly or indirectly (whether by inclusion of an item in gross income, disallowance of a credit against tax, disallowance of a deduction for depreciation or otherwise) from (x) the Lessee's receipt of or right to receive any refund or credit from the Builder with respect to the Units, (y) any payment by the Builder in satisfaction of a claim against the Builder with respect to the Units, unless such Taxes shall have been indemnified by the Lessee pursuant to § 15 hereof or (z) any additional amount of indemnity paid by the Lessee pursuant to the last sentence of paragraph (a) of this § 6; provided further, however, that if an indemnification

payment is made pursuant to this § 6 (other than any payment of or indemnity for Canadian withholding taxes), the Lessee shall be entitled to offsetting tax benefits realized by the Owner which correspond to those described in the second, third and fourth sentences of § 15(c).

(c) Contest. If any proceeding (including the written claim or written threat of such proceeding) is commenced against any Indemnitee for any such Tax, such Indemnitee shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such Indemnitee shall upon receipt of indemnity satisfactory to it and at the expense of the Lessee (including, without limitation, all costs, expenses, losses, legal and accountants' fees and disbursements, penalties and interest) in good faith contest (after consultation with Lessee), in the name of the Lessee or such Indemnitee, the validity, applicability or amount of such Tax by (i) resisting payment thereof if such Indemnitee in its sole discretion shall determine such course of action to be appropriate, (ii) not paying the same except under protest, if protest is necessary and proper, or (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings. The Lessee, through its counsel, shall have the right to participate in and to control any proceeding relating to such contest; provided, however, that if counsel designated by such Indemnitee shall reasonably determine that control by Lessee's counsel might be detrimental to the best interests of such Indemnitee, then such Indemnitee's counsel shall have the sole right to control such proceeding. If any Indemnitee shall obtain a refund of all or any part of such Tax paid by the Lessee, such Indemnitee shall pay the Lessee the amount of such refund, plus any additional tax benefits realized by such Indemnitee as a result of such payment; provided, however, that such amount shall not be payable before such time as the Lessee shall have made all payments or indemnities then due under this § 6. If in addition to such refund such Indemnitee shall receive an amount representing interest on the amount of such refund, the Lessee shall be paid that proportion of such interest which is fairly attributable to Taxes paid by the Lessee prior to the receipt of such refund. The Lessee shall not be deemed to be in default under any of the above indemnification provisions so long as any Indemnitee shall diligently prosecute such contest.

(d) Reports. In case any report or return is

required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, the Lessee will either make such report or return in such manner as will show the ownership of the Units in the Lessor, and send a copy of such report or return to the Lessor, or will notify the Lessor of such requirement and make such report or return in such manner as shall be satisfactory to the Lessor.

(e) Indemnification Under CSA. In the event that the Lessor shall become obligated to make any payment to the Vendor or otherwise pursuant to Article 6 of the CSA (except to the extent the Lessor shall also be obligated to make such payment pursuant to the proviso to the last paragraph of Article 12 thereof) not covered by the first paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

§ 7. Maintenance; Casualty Occurrences; Insurance; Termination. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) in as good operating order, repair and condition as when originally delivered, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the interchange rules of the Association of American Railroads and the rules of any governmental agency or other organization with jurisdiction, if applicable.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days (each such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, or before such Unit shall have been returned in the manner provided in § 11 or § 13 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of such notice, on the next succeeding rental payment date) (such date being hereinafter called a

"Casualty Payment Date"), the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such Casualty Payment Date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of such Casualty Payment Date in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Casualty Value of each Unit as of the Casualty Payment Date for such Unit shall be the percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after the expiration of the original or extended term of this Lease and before such Unit shall have been returned in the manner provided in § 13 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be 20% of the Purchase Price of such Unit (unless such Casualty Occurrence occurs after the term of this Lease has been extended pursuant to § 14 hereof, in which case the amount of such Casualty Value shall be as agreed upon by the Lessor and the Lessee). Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit; provided that the Lessor shall have the right to transfer to the Lessee without recourse or warranty all of the Lessor's right, title and interest, if any, in and to any such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof (including the issuance of bills of sale for and on behalf of the Lessor), before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and is not in default hereunder, the Lessee shall be entitled to the

net proceeds of such disposition to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor; provided further, however, that if any such Unit suffering a Casualty Occurrence is disposed of by the Lessee pursuant to a customary railroad settlement rather than sold as provided in the preceding sentence, then any proceeds received on such settlement which exceed the Casualty Value of such Unit will, provided that the Lessee has previously paid such Casualty Value to the Lessor and is not in default hereunder, be for the benefit of the Lessee unless the scrap value of any such Unit disposed of pursuant to a customary railroad settlement is in excess of its Casualty Value, in which case the Lessee will pay such excess to the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, customarily insured against by the Lessee in respect of similar equipment owned or leased by it.

If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, pay such proceeds or condemnation payments to the Lessee. All insurance proceeds received by the Lessor pursuant to insurance maintained by the Lessee in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired so as to comply with the provisions of the first paragraph of this § 7; provided no Event of Default (or other event which after notice or

lapse of time or both would become an Event of Default) shall have occurred and be continuing.

In the event that the Lessee shall during the original term hereof, in its reasonable judgment, determine that the Units remaining under this Lease have become economically obsolete or surplus to the Lessee's requirements in the Lessee's business, as determined in good faith by the Board of Directors of the Lessee, the Lessee shall have the right, at its option and on at least 180 days' prior written notice to the Lessor and the Vendor, to terminate (which act shall hereinafter be called the "Termination") this Lease as to all but not less than all of such Units as of any succeeding rental payment date specified in such notice (such termination date so specified being hereinafter called the "Termination Date"); provided, however, that (i) the Termination Date shall be not earlier than January 1, 1991, (ii) no Event of Default or other event which after the lapse of time or the giving of notice or both would become an Event of Default shall have occurred and be continuing on such date or on the date on which the notice of such Termination shall be given and (iii) on the Termination Date all Units shall be in the condition required for redelivery pursuant to § 13 hereof.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids (and the Lessor may at its option obtain additional bids) for the purchase of each such Unit, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation, other entity or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date, the Lessor shall sell each such Unit for cash to the bidder who shall have submitted the highest bid prior to the Termination Date. The total sale price realized at each such sale shall be retained by the Lessor.

On such Termination Date, the Lessee shall pay to the Lessor with respect to the Units an amount equal to (i) the excess, if any, of the Termination Value (as hereinafter defined) for the Units computed as of such date over the sale price of the Units so sold after the deduc-

tion of all expenses incurred by the Lessor in connection with such sale and (ii) the rental payment with respect to the Units due on such Termination Date. The Termination Value of each such Unit as of the Termination Date shall be determined as follows: (a) if the Board of Directors of the Lessee shall have determined in good faith that such Unit shall not be used after the Termination Date for the transport of wheat in Canada, the Termination Value of such Unit as of the Termination Date shall be the percentage of the Purchase Price of such Unit set forth in Schedule C hereto opposite such date or (b) if the Board of Directors of the Lessee shall not have made such determination with respect to such Unit, the Termination Value of such Unit as of the Termination Date shall be the higher of (x) the percentage of the Purchase Price of such Unit set forth in Schedule B hereto opposite such date or (y) the Fair Market Purchase Price (determined in accordance with § 14 hereof) of such Unit as of such date. In no event shall the aggregate amount of sale proceeds retained by the Lessor and payments of rental and Termination Value received by the Lessor as aforesaid be less than the Termination Value (as defined in the CSA) with respect to the Units as of such Termination Date.

If no sale of all the Units shall occur on the Termination Date with respect thereto as provided above, no Termination shall occur with respect to any of the Units and this Lease shall continue in full force and effect without change.

Upon the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Unit on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

If the Lessee shall exercise its option to effect

a Termination, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor and upon satisfaction and discharge of the Lessor's obligations under the CSA with respect to the Units, elect to retain such Units, in which case the Lessee shall not be obligated to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain such Units and delivers to the Lessee evidence of the satisfaction and discharge of the Lessor's obligations under the CSA with respect to the Units, the Lessee shall deliver such Units to the Lessor in accordance with the provisions of § 13 hereof.

§ 8. Reports. On or before May 31 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof have been preserved or replaced, (c) stating that the Lessee is in compliance with the requirements under § 7 hereof as to maintenance of insurance and describing in reasonable detail any insurance then being maintained in respect of the Units and in respect of any similar equipment owned or leased by the Lessee and (d) stating that, based on advice of counsel, all filings, registrations, recordings and deposits and all refilings, reregistrations, rerecordings and redeposits necessary for the proper protection of the Vendor's and the Lessor's respective rights in the Units, and for the purpose of carrying out the intention of this Lease, the CSA and the Assignment have been duly accomplished (and upon the written request of the Vendor or the Lessor the Lessee will furnish to the Vendor and the Lessor an opinion of counsel (who may be an employee of the Lessee) satisfactory to the Vendor and the Lessor to such effect). The Lessor shall have the right (but not the obligation) by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the

Lessor may request during the continuance of this Lease.

On or before December 15 in each year commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement to the effect that all payments required to be made hereunder during the year ending on the next succeeding January 1 have been duly authorized by Her Majesty in right of Canada, either by an appropriation of the Parliament of Canada or by other appropriate action, and such statement shall include a brief description of such appropriation or action, as the case may be.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder, including, but not limited to, any claims and rights arising under the provisions of the CSA; 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 foregoing provisions of this § 9 shall not be deemed to affect the Lessee's rights of quiet enjoyment, possession, use and assignment provided under §§ 4 and 12 hereof. Any amount received by the Lessee or the Lessor as payment under any such rights or claims against the Builder shall be applied to restore the Units to the condition required by § 7 hereof, except to the extent any such Units shall have suffered a Casualty

Occurrence, in which case such amount shall be applied to the payment of the Casualty Value thereof pursuant to § 7 hereof; provided, however, that if an Event of Default shall have occurred and be continuing such amount shall be paid to the Lessor. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all 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.

The Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transport of Canada, the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation, use, value or utility of the Units (all such laws and rules to such extent being hereinafter called the "Applicable Laws"), and in the event that the Applicable Laws require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest, with due diligence by appropriate legal proceedings, the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease or of the Vendor under the CSA and the failure to comply will not impair the value or

utility of the Units.

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Department of Transport of Canada, the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units or in accordance with their original purpose and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinafter defined) incorporated in or installed as part of any Unit shall without further act vest in the Lessor and the Vendor as their respective interests may appear in such Unit itself in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Unit pursuant to the terms of the second paragraph of this § 9 or (iii) notwithstanding the provisions of the third paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit would have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default

under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as part of any Unit as a result of any Addition shall vest in the Lessee. The term Part for the purposes of this paragraph and § 13 hereof shall mean any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary capacities) and the Owner ("Indemnified Persons") from and against all losses, damages, injuries, liabilities, claims (including, without limitation, claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith (including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, but excluding any items the Owner has agreed to pay pursuant to Paragraph 13 of the Participation Agreement), arising out of or as the result of the occurrence of an Event of Default under this Lease or any event which with notice or lapse of time or both would become an Event of Default under this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit, the compliance or noncompliance by the Lessee with any applicable law, rule or regulation with respect to the use, maintenance or operation of any Unit, or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person (except as otherwise provided in § 13 of this Lease); provided, however, that the Lessee shall not be required to indemnify any Indemnified Person in respect of such Indemnified Person's wilful misconduct or negligence or in respect of a breach by the Lessor of any of its obligations hereunder. The indemnities arising under this paragraph shall continue in full force and effect with respect to all events, facts, conditions or other circumstances occurring or existing prior to the expiration or termination of the term of this Lease and return of the Units as provided in § 11 or § 13 of this Lease, notwithstanding such expiration, termination and return; provided, however, that the foregoing indemnification shall not apply to any failure of payment of the principal of or

interest on the Conditional Sale Indebtedness and shall not be deemed to operate as a guarantee of the residual value of any Unit. The amount the Lessee shall be required to pay with respect to any of its obligations under this paragraph shall include a payment to the indemnified party sufficient to restore such party to the same position, after considering the effect of such payment on its income taxes, that the indemnified party would have been in had the liability or expense indemnified against not been incurred. The Lessee shall be obligated under this § 9, irrespective of whether the Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against an Indemnified Person in connection with any claim, indemnified against hereunder, the Lessee may, and upon the request of the Indemnified Person will, at the Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by the Indemnified Person in connection with such action, suit or proceeding. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge (which in the case of the Lessor shall mean actual knowledge of an officer or employee of the Lessor's Corporate Trust Department) thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, it shall be subrogated to any right of the Indemnified Person in respect of the matters against which indemnity has been given. Any payments received by an Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

In the event that the Lessor shall become obli-

gated to make any payment to the Vendor or otherwise pursuant to the first paragraph of Article 13 of the CSA not covered by the preceding paragraph, the Lessee shall pay such additional amounts to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to make any such payment in respect of any amount the Lessor shall become obligated to pay pursuant to such Article 13 in respect of a default or an event of default under the CSA unless such default or event of default shall be attributable to a default by the Lessee or an Event of Default hereunder.

The Lessee agrees to prepare and deliver, at its expense, to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any United States or Canadian Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor or the Vendor in the Units or the leasing thereof to the Lessee; provided, however, that, in the case of any filing with any United States Federal, state or other regulatory authority, the Lessor shall have made a written request to the Lessee for such filing within a reasonable time prior to the requested date of filing.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein called an "Event of Default") shall occur:

(a) default shall be made in payment of any amount provided in § 3, § 7 or § 14 hereof and such default shall continue for 10 days after such payment is due;

(b) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

(c) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any

interest herein, or of the right to possession of the Units, or any thereof; or

(d) any representation or warranty made by the Lessee in the Participation Agreement or in any document or certificate furnished by the Lessee to the Lessor, the Beneficiary or the Vendor in connection herewith or therewith or pursuant hereto or thereto shall be incorrect in any material respect when made;

then, in any such case, the Lessor, at its option, may,

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

(B) by notice in writing to the Lessee, terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as 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 Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all

rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, 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 subparagraph (B) with respect to such Unit, 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 (in addition to the amounts payable pursuant to §§ 6, 9 and 15 hereof), as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies, except as otherwise provided above, and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

In the event the Lessee shall fail to pay any

amount hereunder by reason of the failure to obtain the necessary Parliamentary appropriations, then the Lessor, at its option, may, by notice in writing to the Lessee, terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom.

If the Lessee fails to perform or comply with any agreement, covenant or condition contained in this Lease, and such nonperformance or noncompliance could, with the lapse of time and/or demand or failure to take action, result in an Event of Default under clause (a) or (b) of this § 10, the Lessor itself may (but shall not be obligated to), upon notice to the Lessee, perform or comply with such agreement, covenant or condition to the extent provided in Article 15(e) of the CSA, and the amount of the reasonable costs and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amounts at the rate of 2% per annum over the Floating Prime Rate (as defined in Article 4 of the CSA), shall be payable to the Lessor by the Lessee upon demand.

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 requirements of law, now or hereafter in effect, which might limit or modify 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 to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the

contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Lessor pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) be in compliance with the Applicable Laws. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be placed upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) cause the Units to be transported to any reasonable place on any lines of a Canadian railway or to the point of interconnection with any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any 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 Unit, to inspect the same. All per diem amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay, as liquidated damages for the failure so to assemble, deliver and store such Unit, to the Lessor for each day thereafter an amount equal to the amount, if any, by which 1/180 of the rental payment on the next preceding rental payment date exceeds the actual earnings received by the Lessee on such Unit for each such day and paid over to the Lessor pursuant to the preceding sentence; such payment shall not affect the obligation of the Lessee to redeliver the Equipment pursuant to the first sentence of this paragraph.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. The Lessor agrees that it will not assign any of its rights under this Lease without the prior written consent of the Lessee, except as provided in Article VII of the Trust Agreement, and the Lessee shall be under no obligation to any assignee of the Lessor except under written notice of such assignment from the Lessor; provided, however, that upon receiving notice of any such assignment the Lessee shall give the necessary acknowledgment of such notice required to be given under Part IX of the Financial Administration Act (Canada) in order to make such assignment effective.

So long as no Event of Default or event which with notice or lapse of time would become an Event of Default exists hereunder, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units and, without the Lessor's consent, to sublease the Units to,

or to permit their use by, or to enter into an operating agreement with respect to the Units with, a user incorporated in Canada or in the United States of America (or any state thereof or the District of Columbia), upon lines of railroad owned or operated by the Lessee or such user or over which the Lessee or such user has trackage rights or other operating rights or over which any of their railroad equipment is regularly operated pursuant to contract and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or runthrough service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that (1) the Lessee shall not sublease or use or permit the sublease or use of any Unit outside the United States of America or Canada and (2) that the Lessee shall not sublease any Unit or enter into an operating agreement with respect to any Unit in either case for a term of more than one year without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, except that no such consent shall be necessary in the case of any operating agreement with Canadian National Railway Company ("CNR") or Canadian Pacific Limited ("CP"); provided that upon the request of the Lessor or the Vendor the Lessee will deliver a copy of any such operating agreement with CNR or CP, as the case may be, or the operative portions thereof to the Lessor and the Vendor. No such sublease or agreement for use by others shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Any such sublease or operating agreement shall be subject to the rights and remedies of the Lessor under this Lease in respect of the Units covered by such sublease or agreement upon the occurrence of an Event of Default hereunder and shall obligate the sublessee or user of such Units to maintain such Units in at least as good operating order, condition and repair as required by § 7 hereof.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged (a) any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor not related to the ownership or leasing of the Units and except any lien created by the CSA) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor or the Lessee therein, except that this covenant

will not be breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent, (b) any rights, claims, liens, security interests or other encumbrances arising from, through or under Itel Corporation or its assignees and (c) any claims, liens, security interests or other encumbrances created by any person other than the Builder or any of its affiliates, after such Unit has been handed over by the Builder to CNR at the storage area at the Builder's plant pursuant to the Bailment Agreement dated as of April 22, 1980, between the Builder and CNR, as amended by an amendment thereto dated as of May 8, 1980; provided, however, that the Lessee shall be under no obligation to discharge any such right, lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the failure to discharge the same does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA.

The Lessor agrees that it will, at its own cost and expense, and in its individual capacity, promptly take such action as may be necessary to duly discharge any liens or encumbrances on any of the Units which result from claims against the Lessor not related to the ownership of the Units or the administration of the Trust Estate (as defined in the Trust Agreement).

§ 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease, the Lessee will (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate and permit the Lessor to store such Units on such tracks for a period not exceeding 90 days and transport the same, at any time within such 90-day period, to a final destination at any reasonable place on any lines of a Canadian railway or to the point of interconnection with any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee, the movement

and storage of the Units to be at the expense and risk of the Lessee during such 90-day period. 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, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease and, upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) be in compliance with the Applicable Laws.

§ 14. Renewal and Purchase Options. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the original term or any extended term of this Lease, as the case may be, (i) elect to extend the term of this Lease in respect of all, but not fewer than all, the Units then covered by this Lease, for any number of separate successive two-year periods commencing on the scheduled expiration of the original term or extended term of this Lease, as the case may be, at a Fair Market Rental (as hereinafter defined) payable in semi-annual payments in arrears, commencing six months after the next preceding rental payment date, in each year of such extended term; or (ii) at the end of the second two-year renewal term or any succeeding renewal term, as provided above, purchase all, but not fewer than all, the Units then subject to this Lease, at a Fair Market Purchase Price (as hereinafter defined) payable at the end of such extended term. Any such extension shall be on the same terms and conditions as are contained in this Lease, except as to the amount of rentals, which shall be at a Fair Market Rental,

payable semiannually in arrears, and except as to applicable Casualty Values and Termination Values, if any, which shall be as agreed upon between the Lessor and the Lessee at the time of such extension, or as shall be determined by appraisal as set forth below.

The Fair Market Rental and Fair Market Purchase Price shall be determined on the basis of, and shall be equal in amount to, the cash rental for a two-year renewal of this Lease or the purchase price (as of such date as the context herein requires), as the case may be, which would obtain in an arm's-length transaction between an informed and willing lessee or purchaser (other than a scrap or used equipment dealer) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental or purchase price and assuming that the Units have been collected in one place directed by the Lessor, but there shall be excluded any value attributable to additions, modifications and improvements which the Lessee is entitled to remove pursuant to § 9 hereof. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease or to exercise its purchase option, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental or Fair Market Purchase Price of the Units, such rental or purchase price shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such rental or purchase price by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental or Fair Market Purchase Price, as the case may be (and, in the

case of any renewal term, the Fair Market Rental and Fair Market Purchase Price at the beginning and end of such renewal term), of the Units then subject to this Lease or any extended term thereof, within 70 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental or Fair Market Purchase Price, as the case may be, of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental or Fair Market Purchase Price, as the case may be. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental or Fair Market Purchase Price, as the case may be, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

Upon payment of the purchase price of any Unit, pursuant to an election by the Lessee to purchase the Units, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

§ 15. Tax Indemnification.

(a) Tax Assumptions. This Lease has been entered into, and the Owner's Net Economic Return has been estimated, on the basis of the following assumptions for Federal, state and local income and franchise tax purposes (hereinafter referred to as the "Tax Assumptions"):

(1) this Lease will be treated as a true lease,

and the Owner will be treated as the beneficial owner of the Equipment;

(2) each Unit will be placed in service on its delivery date;

(3) the initial marginal Federal income tax rate to which the Owner will be subject in respect of its taxable income will be 46%; and

(4) the Owner will be entitled to take into account with respect to each Unit such credits, deductions and other benefits as are provided by the Internal Revenue Code of 1954, as amended (the "Code"), and the state and local taxing statutes in the jurisdictions in which the Owner has its principal office, including, without limitation:

(A) deductions for depreciation of 100% of the Purchase Price of each Unit (the "Depreciation Deductions"), computed on the following basis:

(i) election of the class life asset depreciation range system of depreciation under section 167(m) of the Code and Treasury Regulation § 1.167(a)-11 and selection of an asset depreciation period of 15 years;

(ii) 12 months of depreciation in the calendar year 1980, based upon the election of the "modified half-year" convention, if the Owner properly elects such convention and if the delivery date of such Unit occurs before July 1, 1980;

(iii) use of the double declining balance method of depreciation provided in section 167(b)(2) of the Code, and then switching to the sum-of-the-years-digits method of depreciation provided in section 167(b)(3) of the Code when most beneficial to the Owner; and

(iv) a net salvage value not exceeding 10% of the Purchase Price of such Unit, to be reduced to zero by the election permitted by section 167(f) of the Code;

(B) deductions with respect to interest payable on the Conditional Sale Indebtedness (the "Interest Deductions"); and

(C) amortization or depreciation of the Owner's expenses incurred in connection with this transaction (the "Amortization Deductions") at a rate no less rapid than straight line over the original Lease term.

The Owner will claim the Depreciation Deductions, the Interest Deductions and the Amortization Deductions on its Federal income tax returns and on the appropriate state and local income or franchise tax returns.

(b) Consistent Tax Returns. The Lessee agrees that neither it nor any affiliate will at any time take any action, directly or indirectly, or file any returns or other documents inconsistent with any of the Tax Assumptions or any of the statements set forth in clause (A), (B) or (C) of subparagraph (c)(3) of this § 15, and that the Lessee and any such affiliate will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent expressed in paragraph (a) and the statements set forth in clauses (A), (B) and (C) of subparagraph (c)(3) of this § 15.

(c) Indemnification. If by reason of

(1) any act of commission, omission or misrepresentation on the part of the Lessee,

(2) breach of any agreement, covenant, or warranty on the part of the Lessee contained herein or in the Participation Agreement or any exhibit thereto,

(3) the inaccuracy in law or in fact at the date of delivery by the Builder to the Lessor of any Unit of any representation on the part of the Lessee contained herein or in the Participation Agreement or in any exhibit thereto, or in any of the following statements:

(A) such Unit, on the date of its delivery by the Builder to the Lessor, will

constitute new property, and the original use of such Unit, within the meaning of Section 167 of the Code, will commence with the Lessor,

(B) the Purchase Price of such Unit will be less than or equal to its fair market value on its delivery date, or

(C) such Unit is not "limited use property" within the meaning of Rev. Proc. 76-30, 1976-2 C.B. 647, as amended, or

(4) the inaccuracy at the date of delivery by the Builder to the Lessor of any Unit of the opinion required pursuant to Paragraph 8(iii) of the Participation Agreement,

the Owner shall not be allowed for any taxable year (or portion thereof) all or any portion of the Depreciation Deductions, the Interest Deductions or the Amortization Deductions, or all or any portion of the Depreciation Deductions is recaptured pursuant to section 1245 of the Code or any other similar provision (any such nonallowance or recapture being referred to hereinafter as a "Loss"), then, unless excused by the provisions of paragraph (d) hereof, the Lessee will pay to the Owner an amount which, after reduction by all taxes (other than taxes on Canadian withholding taxes) required to be paid by the Owner in respect of the receipt of such amount, shall be equal to the sum of the aggregate additional Federal, state or local income taxes, or franchise taxes based on income, payable by the Owner with respect to such taxable year as the result of any such Loss plus, on an after-tax basis, an amount equal to any interest, additions to tax or penalties associated with such income or franchise taxes payable by the Owner. If, as a result of a Loss, the aggregate Federal, state or local income or franchise taxes paid by the Owner for any taxable year, including any taxable year after the expiration of this Lease, shall be less than the amount of such taxes which would have been payable by the Owner had no such Loss occurred, then the Owner will pay the Lessee promptly the amount of such difference in taxes plus any additional tax benefits realized by the Owner as a result of such payment; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the sum of such payment

and all other payments by the Owner for that Loss pursuant to this paragraph (c) would exceed the amount of all payments by the Lessee to the Owner for that Loss pursuant to this paragraph (c). Any amount which the Owner would have been required to pay the Lessee under this paragraph (c) but for the limitations in the preceding sentence shall reduce pro tanto the amount, if any, which the Lessee is subsequently obligated to pay the Owner under this paragraph (c). All amounts payable to the Owner hereunder shall be paid promptly, and in any event within 30 days after receipt by the Lessee of a written demand therefor, accompanied by a written statement describing in reasonable detail the related Loss and the computation of the amount so payable; provided, however, that the Lessee shall not be required to pay any such amount prior to the time provided in subparagraph (f) if the Loss in question is being contested, or, if there is no contest of such Loss, prior to the earlier of (i) the filing of a return or the acceptance of an audit report or closing agreement in which such Loss is reflected and (ii) the payment of additional tax which becomes due as a result of such Loss. Any payment due to the Lessee from the Owner pursuant to this paragraph (c) shall be paid promptly and in any event within 30 days after the Owner realizes any such savings in its income or franchise taxes or additional tax benefits, as the case may be.

(d) Limitation on Indemnification. Notwithstanding anything to the contrary set forth in paragraph (c), the Lessee shall have no liability to the Owner for indemnification hereunder for any Loss,

(1) to the extent that such Loss is a direct result of the occurrence of any event which causes the Lessee to pay in full the Casualty Value or the Termination Value of any Unit; or

(2) to the extent of any tax penalties for which the Owner becomes liable other than by reason of any transaction contemplated by the Participation Agreement.

(e) Indemnity for Capital Expenditures. If at any time the Owner is required by (i) a provision of any tax law or the regulations promulgated thereunder; (ii) any published revenue ruling, revenue procedure, or other published statement of position by any taxing

authority which has not been held invalid by any court having appellate jurisdiction over the tax liability of the Owner in a decision which has become final; or (iii) a determination upon any audit of the Owner's tax return, to include in its gross income for Federal, state or local income or franchise tax purposes an amount in respect of any Addition to any Unit ("Capital Expenditures"), then the Lessee will pay to the Owner such amount or, from time to time, such amounts which, after reduction by all taxes (other than taxes on Canadian withholding taxes) required to be paid by the Owner in respect of the receipt of such amounts, shall be equal to the sum of the aggregate additional Federal, state or local income or franchise taxes payable by the Owner from time to time as a result of such Capital Expenditure, plus, on an after-tax basis, an amount equal to any interest, additions to tax or penalties associated with such income or franchise taxes payable by the Owner. If as a result of any Capital Expenditure the aggregate Federal, state or local income or franchise taxes paid by the Owner for any taxable year, including any taxable year after the expiration of this Lease, shall be less than the amount of such taxes which would have been payable by the Owner had such Capital Expenditure not been made, then the Owner will pay the Lessee the amount of such savings in taxes plus any additional tax benefits realized by the Owner as the result of such payment; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the sum of such payment and all other payments by the Owner for that Addition pursuant to this paragraph (e) would exceed the amount of all payments by the Lessee to the Owner for that Addition pursuant to this paragraph (e). Any amount which the Owner would have been required to pay the Lessee under this paragraph (e) but for the limitations in the preceding sentence shall reduce pro tanto the amount, if any, which the Lessee is subsequently obligated to pay the Owner under this paragraph (e). All amounts payable to the Owner hereunder shall be paid promptly, and in any event within 30 days, after receipt by the Lessee of a written demand therefor, accompanied by a written statement describing in reasonable detail the inclusion in gross income and the computation of the amount so payable; provided, however, that the Lessee shall not be required to pay any such amount prior to the time provided in paragraph (f) if the inclusion in question is being contested, or, if there is no contest of such inclusion,

prior to the earlier of (i) the filing of a return or the acceptance of an audit report or closing agreement in which such inclusion is reflected and (ii) the payment of additional tax which becomes due as a result of such inclusion. Any payment due to the Lessee from the Owner pursuant to this paragraph (e) shall be paid promptly and in any event within 30 days after the Owner realizes any such savings in its income or franchise taxes or additional tax benefits, as the case may be. The Owner shall attempt to maximize the tax benefits to which it may become entitled as a result of the inclusion of the cost of Capital Expenditures in gross income, by making such elections (including, where advantageous, the applicable asset guideline repair allowance and accelerated depreciation, if then permitted) and utilizing such conventions and accounting methods as will further such objectives; provided, however, that the Owner shall not be required to make any election or utilize a particular convention or accounting method if the Owner shall determine, in its sole discretion, that in so doing it will adversely affect its tax liability determined without regard to this transaction.

(f) Contest of Disallowance of Tax Benefits. In the event a claim shall be made at any time by the Internal Revenue Service which, if successful, would require the Lessee to indemnify the Owner under paragraph (c) or (e) of this § 15, the Owner hereby agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request in writing from time to time; provided, however, that: (i) within 30 days after notice by the Owner to the Lessee of such claim, the Lessee shall request that such claim be contested; (ii) the Owner, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims, as the Owner shall elect, or contest such claim in the United States Tax Court; (iii) prior to taking such action, the Lessee shall have furnished the Owner with an opinion of Sidley & Austin or other independent tax counsel satisfactory to the Owner to the effect that a meritorious defense exists to such claim; (iv) the Lessee shall have indemnified the Owner in a manner satisfactory to it for any liability or loss arising out of the transactions contemplated by the Participation Agreement which the Owner

may incur as the result of contesting such claim and shall have agreed to pay the Owner on demand an amount which, after payment of all taxes incurred in respect of the receipt thereof, less any taxes saved by the deduction thereof, shall be equal to all costs and expenses which the Owner may incur in connection with contesting such claim, including, without limitation, reasonable attorneys' and accountants' fees and disbursements, and the amount of any interest or penalty which may ultimately be payable as a result of contesting such claim; and (v) if the Owner shall have elected hereunder to pay the tax claimed and then seek a refund, the Lessee will provide the Owner with sufficient funds, on an interest free basis, to pay the tax. If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall have reasonably requested the Owner to contest such claim as above provided and shall have duly complied with all the terms of this paragraph (f), the Lessee's liability for indemnification shall become fixed upon final determination of the liability of the Owner. At such time the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Owner shall become obligated to pay to the Lessee any refund received (or the amount of any credit of tax pursuant to Section 6402 of the Code), plus any tax benefits realized by the Owner as a result of such payment by the Owner to the Lessee. The obligations of the Owner and the Lessee will first be set off against each other and any difference owing by either party shall be paid within 30 days after such final determination. If in connection with such final determination the Owner received a refund of tax, any interest also received by the Owner and fairly attributable to such refund of tax will be paid over to the Lessee. In the case of any such claim by the Internal Revenue Service referred to above, the Owner agrees promptly to notify the Lessee in writing of such claim and agrees not to make payment of the tax claimed nor to consent to the assessment of any deficiency relating to such claim for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such claim which may be particularly within the knowledge of the Owner and otherwise to cooperate with the Lessee in good faith in order to contest any such claim effectively.

(g) Definition of Owner. For purposes of this § 15, the term "Owner" shall include any member of an

affiliated group, within the meaning of Section 1504 of the Code, of which the Owner is a member.

(h) Computation. All computations required to be made as a result of indemnity claims under this § 15 shall be made in the first instance by the Owner. The Owner further agrees to maintain and keep all original assumptions and materials relating to the calculation of the Owner's economic and accounting return over the term of this Lease. If requested by the Lessee, such computations, assumptions and materials shall, at the Lessee's expense, be provided to and verified by independent public accountants jointly selected by the Owner and the Lessee, and the Lessee shall reimburse the Owner for all amounts paid to outside contractors, including but not limited to attorneys, auditors or other third parties reasonably necessary to make such computations or verify such assumptions and materials.

§ 16. Recording. The Lessee will cause this Lease, the CSA and any assignment hereof or thereof to be filed in accordance with 49 U.S.C. § 11303 and as contemplated by Paragraph 7(b) of the Participation Agreement. The Lessee will undertake the filing, registering, deposit and recording required of the Lessor under the CSA and will from time to time, at the expense of the Lessee, do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law (including renewals of the filings contemplated by Paragraph 7(b) of the Participation Agreement) or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective rights in the Units, or for the purpose of carrying out the intention of this Lease, the CSA and the Assignment (as defined in the Participation Agreement). The Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing, recording and other acts which may be required under this § 16. The filings referred to in the first sentence of this § 16 shall be made prior to the delivery and acceptance hereunder of any Unit.

§ 17. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall

result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at a rate equal to 2% per annum over the Floating Prime Rate on the overdue rentals and other obligations for the period of time during which they are overdue.

§ 18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or deposited in the mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department; and

if to the Lessee, at 423 Main Street, Winnipeg, Manitoba R3C 2P5, Attention of Treasurer/Comptroller;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice, certificate, document or report required to be furnished by any party to the Vendor shall be delivered to the Vendor at its applicable address for notices under the Participation Agreement.

§ 19. Additional Rental Adjustments in Certain Circumstances. Notwithstanding anything herein to the contrary, in the event the Owner shall elect to purchase all or any portion of the unrepaid investment of Morgan Guaranty Trust Company of New York (the "Investor") in the Conditional Sale Indebtedness pursuant to clause (y) of paragraph (b) of Paragraph 19 of the Participation Agreement, the rentals provided herein (and the related schedules of Casualty Value and Termination Value) for the Units relating to the portion of the Investor's interest so purchased shall be adjusted to such rate as shall cause the cost to the Lessee with respect to such Units to be 12.75% per annum nominal implicit rate (plus an upward adjustment to preserve the after-tax economic yields and cash flows for such Units that the Owner would have had, after giving effect to such purchase, if the Owner had not been required to pay on January 1, 1981, the interest accrued on the Conditional Sale Indebtedness from the

first Closing Date (as defined in the CSA) to January 1, 1981) during the basic term of the Lease commencing on January 1, 1981. In the event the Owner shall have the right to make such election but shall not elect to purchase the entire interest of the Investor, the rentals provided herein (and the related schedules of Casualty Value and Termination Value) for the Units relating to the portion of the Investor's interest not so purchased shall be adjusted to preserve the Owner's Net Economic Return with respect to such Units (such adjustments to preserve Net Economic Return will include any adjustment necessitated by the difference, if any, on each day after the first Closing Date between 13% per annum and the rate of interest payable on the Conditional Sale Indebtedness on such day).

The parties agree to cooperate fully in the preparation of the documents required to effect the changes required in this Lease to implement the foregoing provisions of this § 19.

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

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment

hereof shall be filed, recorded or deposited, or in which any Unit of the Equipment shall be located, and any rights arising out of the markings of the Units of Equipment. Notwithstanding anything herein to the contrary, any action, suit or proceeding to enforce the obligations of the Lessee or Her Majesty in right of Canada hereunder shall be brought only in an appropriate forum in Canada.

§ 22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual dates of execution hereof by the parties hereto are dates stated in the acknowledgments hereto annexed.

§ 23. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein, made on the part of the Lessor, are made and intended not as personal representations, warranties, covenants, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said bank not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct on the part of such bank, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Owner on account of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of the Lessor or the Owner herein, other than pursuant to the last sentence of the fifth paragraph of § 9 hereof or the last paragraph of § 12 hereof and, in the case of the Owner, § 15 hereof, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee, the Vendor and by all persons claiming by, through or under either of them.

§ 24. Judgment. (a) If for the purposes of

obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Lessor could purchase U.S. dollars with such other currency on the business day preceding that on which final judgment is given.

(b) The obligation of the Lessee in respect of any sum due from it to the Lessor hereunder shall, notwithstanding any judgment in a currency other than U.S. dollars, be discharged only to the extent that on the business day following receipt by the Lessor of any sum adjudged to be so due in such other currency the Lessor may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to the Lessor in U.S. dollars, the Lessee agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lessor against such loss, and if the U.S. dollars so purchased exceed the sum originally due to the Lessor in U.S. dollars, the Lessor agrees to remit to the Lessee such excess.

§ 25. Payment of Certain Expenses. In the event the transactions contemplated by the Participation Agreement are not consummated, or if no Equipment is delivered under the CSA and this Lease, on or prior to December 31, 1980, all amounts otherwise payable by the Owner pursuant to the last two sentences of the first paragraph of Paragraph 13 of the Participation Agreement will be paid by the Lessee. In addition, the Lessee will pay the reasonable fees and disbursements of the Vendor and the Lessor incurred subsequent to the termination of this Lease by the Vendor after the occurrence of an Event of Default hereunder or attributable to periods during the continuance of a Declaration of Default made under the CSA while an Event of Default hereunder shall have occurred and be continuing. The obligations of the Lessee under this § 25 will survive termination of this Lease.

§ 26. Applicable Statutory Provisions. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that the obligations of the Lessee and Her Majesty in right of Canada hereunder shall be subject to the provisions of the Financial Administration Act

(Canada), as in effect on the date of execution hereof.

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

THE CANADIAN WHEAT BOARD,
a body corporate acting as
agent of Her Majesty in right
of Canada,

by _____

by _____

[Seal]

Attest:

_____
Secretary

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

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

PROVINCE OF MANITOBA,)
) ss.:
CITY OF WINNIPEG,)

On this 28th day of November 1980, before me personally appeared W. E. Jarvis and J. L. Leibfried, to me personally known, who, being by me duly sworn, say that they are the Chief Commissioner and the Commissioner of THE CANADIAN WHEAT BOARD, that one of the seals affixed to the foregoing instrument is the seal of said Board, that said instrument was signed and sealed on behalf of said Board by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Board.

Notary Public

My Commission Expires
March 31, 1981

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

On this day of 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the 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

SCHEDULE A TO LEASE

Type	Quantity	Lessee's Road Numbers (Both Inclusive)
Covered hopper cars	200	CPWX 605102 through CPWX 605301

SCHEDULE B TO LEASE

Casualty Values

The Casualty Value of any Unit to be paid on a Casualty Value Payment Date during the primary term shall be an amount equal to the percentage of the Purchase Price of such Unit set forth opposite such Casualty Value Payment Date in the following schedule; provided, however, that in the event the Lessee makes payments pursuant to § 15(c) hereof or a similar payment pursuant to § 6 hereof to reflect a Loss of Depreciation Deduction (as such terms are defined in § 15(c) hereof) such percentage of the Purchase Price of such Unit shall be redetermined and adjusted in a manner which, after taking into account such payments, will provide the Owner the same after-tax rate of return as contemplated by this Lease, it being understood that no such redetermination or adjustment shall reduce the amount payable on any date for Casualty Value to an amount less than the aggregate principal amount of the Conditional Sale Indebtedness to be unpaid on such date, together with interest and premium, if any, thereon to be accrued and unpaid on such date.

Casualty Value Payment Date	Percentage of Purchase Price	Casualty Value Payment Date	Percentage of Purchase Price
1/1/81	112.30	1/1/94	110.00
7/1/81	112.30	7/1/94	107.32
1/1/82	115.00	1/1/95	104.55
7/1/82	117.45	7/1/95	101.63
1/1/83	119.38	1/1/96	98.56
7/1/83	121.03	7/1/96	95.29
1/1/84	122.41	1/1/97	91.80
7/1/84	123.52	7/1/97	88.08
1/1/85	124.34	1/1/98	84.17
7/1/85	124.89	7/1/98	80.25
1/1/86	125.16	1/1/99	76.44
7/1/86	125.17	7/1/99	72.66
1/1/87	124.90	1/1/00	69.04
7/1/87	124.37	7/1/00	65.49
1/1/88	123.70	1/1/01	62.16
7/1/88	122.99	7/1/01	58.96
1/1/89	122.22	1/1/02	55.79
7/1/89	121.41	7/1/02	52.40
1/1/90	120.54	1/1/03	48.94
7/1/90	119.61	7/1/03	45.25
1/1/91	118.62	1/1/04	39.41
7/1/91	117.56	7/1/04	34.33
1/1/92	116.43	1/1/05	27.06
7/1/92	115.22	7/1/05	23.54
1/1/93	113.94	1/1/06	19.81
7/1/93	112.58		

SCHEDULE C TO LEASE

Termination Values

The Termination Value of the Units to be paid on any Termination Date during the primary term shall be an amount equal to the percentage of the Purchase Price of the Units set forth opposite such Termination Date in the following schedule; provided, however, that in the event the Lessee makes payments pursuant to § 15(c) hereof or a similar payment pursuant to § 6 hereof to reflect a Loss of Depreciation Deduction (as such terms are defined in § 15(c) hereof), such percentage of the Purchase Price of the Units shall be redetermined and adjusted in a manner which, after taking into account such payments, will provide the Owner the same after-tax rate of return as contemplated by this Lease, it being understood that no such redetermination or adjustment shall reduce the amount payable on any date for Termination Value to an amount less than the aggregate principal amount of the Conditional Sale Indebtedness to be unpaid on such date, together with interest and premium, if any, thereon to be accrued and unpaid on such date.

Termination Dates	Percentage of Purchase Price	Termination Dates	Percentage of Purchase Price
1/1/91	116.58	1/1/99	73.15
7/1/91	115.46	7/1/99	69.27
1/1/92	114.27	1/1/00	65.54
7/1/92	113.00	7/1/00	61.89
1/1/93	111.64	1/1/01	58.45
7/1/93	110.21	7/1/01	55.14
1/1/94	107.56	1/1/02	51.85
7/1/94	104.81	7/1/02	48.35
1/1/95	101.96	1/1/03	44.76
7/1/95	98.97	7/1/03	40.95
1/1/96	95.81	1/1/04	33.97
7/1/96	92.45	7/1/04	25.75
1/1/97	88.88	1/1/05	19.35
7/1/97	85.07	7/1/05	13.68
1/1/98	81.07	1/1/06	9.81
7/1/98	77.06		

SCHEDULE D TO LEASE

Certificate of Acceptance

To: The Connecticut Bank and Trust Company,
as Trustee (the "Lessor")
One Constitution Plaza
Hartford, Connecticut 06115
Attention of Corporate Trust Department

I, the duly authorized representative of The Connecticut Bank and Trust Company (the "Lessor") and The Canadian Wheat Board (the "Lessee"), for the purposes of the Conditional Sale Agreement dated as of October 1, 1980, between Hawker Siddeley Canada Inc. and the Lessor and the Lease of Railroad Equipment dated as of October 1, 1980, between the Lessee and the Lessor, DO HEREBY CERTIFY that there has been inspected on behalf of the Lessee and the Lessor and found to be completed and marked in accordance with the said Conditional Sale Agreement and Lease and the applicable specifications, requirements and standards referred to in said Conditional Sale Agreement, and that there has been delivered to the Lessor at

, and fully and finally accepted by me on behalf of the Lessee and the Lessor (both under the said Conditional Sale Agreement and the said Lease), the following units of railroad equipment constructed by Hawker Siddeley Canada Ltd. pursuant to said Conditional Sale Agreement:

Description	Quantity	No.

I DO HEREBY FURTHER CERTIFY that, in accordance with Article 9 of the said Conditional Sale Agreement and § 5 of the said Lease, there is plainly, distinctly, permanently and conspicuously marked on each side of each of said units the following legend in letters not less than one inch in height:

> "Owned by a Bank or Trust Company. Ownership Subject to a Conditional Sale Agreement Filed with the Interstate Commerce Commission."

Dated: , 1980

Authorized Representative of
Lessor and Lessee

Builder: Hawker Siddeley
Canada Inc.