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INTERSTATE COMMERCE COMMISSION

SUBLEASE OF RAILROAD EQUIPMENT

Dated as of May 1, 1978

between

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Sublessee

and

GREAT AMERICAN MANAGEMENT SERVICES, INC.,
as Sublessor

[Covering 150 Gondola Cars]

SUBLEASE OF RAILROAD EQUIPMENT dated as of May 1, 1978, between GRAND TRUNK WESTERN RAILROAD COMPANY (hereinafter called the "Sublessee") and Great America Management Services, Inc., a Delaware corporation (the "Sublessor").

First Security State Bank, acting not in its individual capacity but solely as Trustee (the "Owner-Trustee") under a Trust Agreement dated as of May 1, 1978 (the "Trust Agreement") with MLL LEASING CORP. (the "Owner") has entered into a conditional sale agreement (the "Security Document") with THRALL CAR MANUFACTURING COMPANY (the "Builder"), pursuant to which the Owner-Trustee has purchased the railroad equipment described in Schedule A hereto (the "Equipment").

The Builder assigned its interest in the Security Document pursuant to an Agreement and Assignment, dated as of May 1, 1978 (the "Assignment"), to First Security Bank of Utah, N.A., acting as Agent (together with its successors and assigns called the "Vendor"), under a Participation Agreement dated as of May 1, 1978 (the "Participation Agreement") with the Sublessor, William M. Gibbons, Trustee of the property of Chicago, Rock Island and Pacific Railroad Company (the "Rock Island"), the Owner-Trustee, the Owner and the party or parties named in Schedule A thereto (the "Investors").

The Sublessor entered into a Sublease of Railroad Equipment dated as of May 1, 1978 (the "Rock Island Lease") with the Rock Island, as sublessee with respect to the Equipment and the Sublessor has entered into a Termination Agreement dated as of March 21, 1980, (the "Termination Agreement") with respect to the Rock Island Lease.

The Sublessor is leasing from the Owner-Trustee units of the Equipment which were delivered and accepted and settled for under the Security Document (the "Items"), pursuant to a Lease of Railroad Equipment dated as of May 1, 1978 (the "Lease"), and the Sublessor desires to sublease to the Sublessee the Items delivered to the Sublessee pursuant to this Sublease (the "Units") at the rentals and for the term and upon the conditions hereinafter provided.

The Sublessor intends to assign certain of its rights under this Sublease (the "Sublease") to the Owner-Trustee pursuant to an Assignment of Sublease and Agreement, dated as of the date hereof (the "Sublease Assignment"), and the Sublessee will consent to the Sublease Assignment pursuant to a Sublessee's Consent and Agreement (the "Sublessee's Consent").

The Owner-Trustee intends to assign certain of its rights under the Sublease and the Sublease Assignment to the Vendor pursuant to an Assignment of Lease, Reassignment of Sublease, Assignment of Surety Bond and Agreement dated as of the date hereof (hereinafter called the "Sublease Reassignment"), and the Sublessee will consent to such Sublease Reassignment pursuant to

a Consent and Agreement (such Consent, together with the Sublessee's Consent, being hereinafter collectively called the "Consents").

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Sublessee, the Sublessor hereby subleases the Units to the Sublessee upon the following terms and conditions:

SECTION 1. Net Lease. This Sublease, including, without limitation, the interim provisions of §23 hereof, is a net lease. The Sublessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Sublessee shall not be entitled to any abatement of rent or any other amounts due hereunder, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Sublessee against the Sublessor, the Owner-Trustee or the Owner, whether under this Sublease, under the Security Document, under the Lease or otherwise, including the Sublessee's rights by subrogation hereunder or thereunder against the Builder or the Owner-Trustee or the Sublessor or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Sublease terminate, or the respective obligations of the Sublessor or the Sublessee 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 Sublessee'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 on the part of the Sublessee or approval on the part of the Sublessee of this Sublease, any present or future insolvency of or bankruptcy, reorganization or similar proceeding against the Sublessee, 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 shall 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 Sublease. To the extent permitted by applicable law, the Sublessee 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 this Sublease or any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Sublessee hereunder shall be final and the Sublessee shall not seek to recover all or any part of such payment from the Sublessor, the Owner-Trustee, the Owner or the Vendor for any reason whatsoever.

SECTION 2. Delivery and Acceptance of Units. The Sublessee recognizes that the Rock Island Lease has been terminated, but that neither the Owner-Trustee nor the Sublessor has, on the date of execution of this Sublease, repossessed all the Items from the Rock Island. The Sublessee agrees to do everything

reasonably possible (including, without limitation, routing, billing, transfer of equipment from other rail lines, notification of other users of the Items, and the like) to assist the Sublessor in obtaining such repossession. The Sublessee further agrees to take all action necessary to effect with the Association of American Railroads a change in registration of the road numbers of all the Items which were, at the time of termination thereof, subject to the Rock Island Lease, from the name of Rock Island to the name of the Sublessee, and to give notice to the Sublessor, Owner-Trustee and the Vendor of all changes in such road numbers. After delivery of each Item to an Interchange point on the rail lines of the Sublessee, the Sublessee will cause an employee or agent of the Sublessee to inspect the same, and when such Unit is in operable condition (as hereinafter defined), to execute and deliver to the Owner-Trustee a certificate of acceptance (the "Certificate of Acceptance") stating that such Unit has been inspected and accepted on behalf of the Sublessee on the date of such delivery and will be marked in accordance with Section 5 hereof; such Unit shall be deemed to have been delivered to and accepted by the Sublessee and shall be subject to all the terms and conditions of this Sublease as of the date of such delivery. As used herein, "operable condition" shall mean in a condition of repair sufficient to enable the Unit to be used in interchange service to haul freight and meeting the standards of the Association of American Railroads ("AAR"), the Federal Railroad Administration and all other applicable rules and regulations for such service and in a condition that would have permitted such Unit to qualify as a new gondola car, normal wear and tear to be considered in accordance with the age of such Unit.

If a Unit is not considered to be in an "operable condition", the Sublessee, except as hereinafter provided, will perform the work necessary to restore such Unit to an "operable condition". The Sublessee will promptly notify the Sublessor of any Unit needing non-normal damage repairs that are estimated by the Sublessee to cost in excess of $250. The Sublessee will notify the Sublessor of the work to be done, estimated time to complete such work and the estimated cost of such repair. The Sublessor shall have the right but not the duty, at its expense, (i) to cause such Unit to be repaired by the Sublessee or (ii) to exclude such Unit from this Sublease and in such event to direct the Sublessee to cause the Unit to be delivered to wherever the Sublessor shall direct, or otherwise dispose of it, all at the Sublessor's expense.

The Sublessee will document all repair work and photograph all non-normal damage and the Sublessee shall assist the Sublessor in asserting claims against the Rock Island or any other responsible entity for the cost of such repair. The Sublessee agrees to pursue all claims against delivering railroads and others for all required repairs chargeable against them under the AAR Rules. Any Unit delivered to the Sublessee which has been determined by either the Sublessee or the Sublessor to have suffered a Casualty Occurrence (as the term is hereinafter defined) shall be excluded from this Sublease.

The Sublessee shall, at the expense of the Sublessor, cooperate with the Sublessor in conducting joint inspection or similar procedures with respect to a Unit at the reasonable request of the Sublessor.

The costs of all repairs for which the Sublessee does not receive payment from another source within 90 days will be borne by the Sublessor.

The Certificate of Acceptance for each Unit shall indicate both the date such Unit was first delivered to an interchange point of the Sublessee and the Rent Date determined as provided below.

SECTION 3. Rentals. The date on which rent shall commence for each Unit which is accepted pursuant to this Sublease (the "Rent Date") shall be defined as follows:

(A) For any Unit not requiring safety repairs, running repairs or non-normal damage repairs, three (3) days following arrival of the Unit at an interchange point of the Sublessee.

(B) For any Unit requiring safety repairs or running repairs, or non-normal damage repairs costing $250 or less, the earlier of (i) the date of completion of all such repairs and identification painting or (ii) seven (7) days following arrival of the Unit at an interchange point of the Sublessee.

(C) For any Unit requiring non-normal damage repairs exceeding $250 in cost, the earlier of (i) the date such repairs are completed or (ii) the date estimated by the Sublessee for completion of such repairs, to be computed by adding to the date on which the Sublessee receives notice from the Sublessor to proceed with the work the number of days estimated for completion of the repairs by the Sublessee in its notice of such damage to the Sublessor.

The Sublessee will pay basic rentals to the Sublessor in arrears on January 17, April 17, July 17 and October 17, (the "quarterly rental payment dates") in each year commencing July 17, 1980. Basic rentals for each Unit shall include (i) interim rental of $7.75 per day times the number of days from the Rent Date for such Unit to the next succeeding quarterly rental payment date and (ii) after expiration of the interim term or terms, quarterly rental payments of $707.19. With respect to basic rentals due July 17, 1980 and October 17, 1980, Sublessee will be given credit for any amounts paid by the Sublessee to the Sublessor prior to the execution of this Sublease. Basic rentals after the expiration of the interim term with respect to a Unit shall be payable as provided in Section 4. Interim Rent may be increased as provided in Section 23.

If any of the quarterly rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document) the quarterly rental payment or interim rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

The Sublessor irrevocably instructs the Sublessee to make, and the Sublessee agrees to make, all the payments (other than payments under Section 6 and Section 21 hereof) due the Sublessor under the provisions of this Sublease including, but not limited to, all payments provided for in this Section 3 and in Section 7 hereof, (i) for so long as the Security Document shall remain in effect, to the Vendor, for the account of the Owner-Trustee, in immediately available funds at or prior to 11:00 A.M. (Salt Lake City time) to the office of the Vendor (at 79 South Main Street, Suite 310, Salt Lake City, Utah 84111, Attention of Trust Officer, Corporate Trust Division) on the date due, with instructions to the Vendor to apply such payments in accordance with the provisions of the first paragraph of Paragraph 10 of the Participation Agreement, and (ii) after the Sublessee shall have received notice from the Vendor that the Security Document is no longer in effect, to the Owner-Trustee or as directed by the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing.

SECTION 4. Term of Sublease. The term of this Sublease as to each Unit shall begin on the date of delivery of such Unit to an Interchange point of the Sublessee and, subject to the provisions of Sections 2, 7, 10, 13 and 23 hereof, shall terminate on January 17, 1999 (the "Termination Date"). Such Term with respect to each Unit delivered to the Sublessee prior to May 31, 1980 shall be divided into (i) an initial interim term which shall begin on the date of delivery of each Unit and end on May 30, 1980; (ii) a second interim term which shall begin on May 31, 1980 and shall end on July 17, 1980; and (iii) a permanent term which will begin on July 18, 1980. Such Term, with respect to each Unit delivered on or after May 31, 1980, shall be divided into (a) an interim term which shall begin on the date of delivery of each Unit, and end on the next succeeding quarterly rental payment date after said delivery, and (b) a permanent term which shall begin on the date the interim term ends. Except for obligations of the Sublessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Sublessee hereunder (including, but not limited to, the obligations under Sections 6, 7, 9, 11, 14, 19, 21 and 23 hereof) shall survive the expiration of the term of this Sublease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Sublessee under this Sublease and in and to the Units are subject to the rights of the Vendor under the Security Document. If an Event of Default

should occur under §10 of the Lease, upon notice by the Owner-Trustee or the Vendor to the Sublessor and Sublessee, the participation of the Sublessor under this Sublease shall, without the consent of the Sublessor or the Sublessee and immediately and automatically and without any further action, be terminated, and the Owner-Trustee without its further consent and immediately and automatically and without any further action shall become the Sublessor under this Sublease; and the Sublessor hereby agrees and acknowledges that in such event it shall no longer be a party to this Sublease and that it would no longer have any claim whatsoever to any rental payments paid to the Vendor pursuant to Section 3 hereof subsequent to such event. If an event of default should occur under the Security Document as provided in §10(G) hereof, the Vendor may terminate this Sublease (or rescind its termination), all as provided therein, provided that if such event of default shall have been the result of an act or omission of the Sublessor such termination shall be without prejudice to any claim of the Sublessee against the Sublessor with respect thereto; provided, however, such claims, if any, of the Sublessee against the Sublessor shall not in any way affect the Sublessee's obligations under Sections 1, 3 and 23 hereof.

SECTION 5. Identification Marks. The Sublessee shall cause each Unit delivered to and accepted by the Sublessee, as hereinabove provided, to be repainted and restenciled to the extent necessary to show the interest of the Sublessee therein, including, without limitation, numbering each Unit with an identifying number set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each such Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Vendor, 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 Owner-Trustee's title to and the Vendor's security interest in such Unit and the rights of the Sublessor under this Sublease, of the Owner-Trustee under the Lease and of the Vendor under the Security Document. The Sublessee 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. Except for the restenciling contemplated in this Sublease upon delivery and acceptance of each Unit, the Sublessee 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, the Owner-Trustee and the Sublessor and duly filed, recorded and deposited by the Sublessee in all public offices where this Sublease, the Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Sublessee shall have furnished the Vendor, the Owner-Trustee and the Sublessor an opinion of counsel to the effect that such statement

has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's, the Owner-Trustee's and the Sublessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor, the Owner-Trustee and the Sublessor in such Units.

Except as above provided, the Sublessee 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 Sublessee may permit the Units to be lettered with the names, trademarks, initials or other insignias customarily used by the Sublessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Units under this Sublease, and the Units may be lettered in an appropriate manner for convenience of identification of the interest of the Sublessee therein.

SECTION 6. Taxes. For conditions and events occurring from and after the commencement of the term of this Sublease as to each Unit, the Sublessee agrees to pay or cause to be paid, and on written demand to indemnify and hold the Sublessor, the Owner-Trustee, the Owner, the Builder, the Vendor, the Investors and the estate held by the Owner-Trustee under the Trust Agreement and by the Vendor under the Security Document and the Participation Agreement harmless from all taxes (income, gross receipts, sales, use, property [real or personal, tangible or intangible], stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Sublessor, the Owner-Trustee, the Owner, the Vendor, the Builder (other than any such amounts which are the responsibility of the Builder under Article 6 of the Security Document), the Investors, the Sublessee, the trust estate created by the Trust Agreement, the estate held by the Vendor under the Security Document and the Participation Agreement, or otherwise by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: (i) any Unit or any part thereof; (ii) the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; (iii) the rentals, receipts or earnings arising therefrom; (iv) this Sublease, the Sublease Assignment and the Sublessee's Consent; and (v) to the extent arising from or attributable to this Sublease, the Sublease Assignment, the Sublease Reassignment, or any Unit, the Lease, the Consents, the Trust Agreement, the Participation Agreement (including the certificates of interest and the issuance thereof to the Investors pursuant thereto), the Security Document, the Bond (as defined in the Lease), the Assumption Agreement (as so defined) or the Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect

to property held by the Owner-Trustee under the Trust Agreement or by the Vendor under the Security Document and the Participation Agreement (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called Taxes); excluding, however: (i) Taxes of the United States or of any state or local government or governmental subdivision thereof and (if and to the extent that any person indemnified hereunder is currently allowed a credit therefor against its United States Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Sublessor, the Owner-Trustee (in its individual capacity), the Owner, the Investors, the Builder or the Vendor (in its individual capacity), other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Sublease or the Lease (to the extent not excluded by this Section 6), provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Sublease or the Lease shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by or on behalf of the Owner resulting from bankruptcy or other proceedings for the relief of creditors in which the Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Sublease or the Lease, without the consent of the Sublessee, unless, in each case, such transfer or disposition is in connection with a Casualty Occurrence (to the extent not covered by the payment of the Casualty Value) or an Event of Default shall have occurred and be continuing; (iii) any Taxes imposed on or measured by any trustee or agency fees received by the Owner-Trustee or the Vendor; (iv) Taxes which are imposed on or measured solely by the net income of the Sublessor, the Investors, the Owner-Trustee or the Vendor if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Sublessee has not agreed to pay or indemnify against pursuant to this Section 6; (v) franchise Taxes, Taxes based on the net income and/or capital structure of the Sublessor, the Owner-Trustee, the Owner, the Agent, the Builder, the estate held by the Owner-Trustee and/or the Investors and other similar "doing business" Taxes; (vi) minimum Taxes imposed under Section 56 of the Internal Revenue Code of 1954, as amended; and (vii) sales, purchase and transfer of title Taxes imposed upon the purchase of the Equipment; provided, however, that the Sublessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the fourth paragraph of this Section 6. The Sublessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Sublessee (or the affiliated group, within the meaning of Section 1504 of the Internal Revenue Code of 1954, as amended, of which the Sublessee is a member) under the laws of the United States or

of any state or local government or governmental subdivision thereof, or of any foreign country or subdivision or authority thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Sublessee shall not be required to pay any such tax during the period it may be contesting the same in good faith by appropriate proceedings.

The amount which the Sublessee shall be required to pay with respect to any Taxes indemnified against pursuant to this Section 6, shall be an amount sufficient to restore the indemnified party to the same after-tax position such indemnified party would have been in had such Taxes not been imposed.

In the event that the Owner-Trustee shall become obligated to make any payment to the Builder, the Investors or the Vendor pursuant to Article 6 of the Security Document, or the Owner shall become obligated to make any payment to the Owner-Trustee pursuant to any correlative provision of the Trust Agreement, or the Sublessor shall become obligated to make any payment to the Vendor, the Builder, the Investors, or the estate held by the Owner-Trustee under the Trust Agreement and by the Vendor under the Participation Agreement and the Security Document pursuant to any correlative provision of the Lease not covered by the first paragraph of this Section 6 and in each such case if such payment is required to be made as a result of a condition or event occurring from and after the commencement of the term of this Sublease and relating to a Unit, the Sublessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Owner-Trustee or the Owner or the Sublessor as will enable the Owner-Trustee or the Owner or the Sublessor to fulfill completely its obligations pursuant to said provision. The Sublessor agrees not to enter into any amendment of the Lease which would adversely affect the interest of the Sublessee under this Sublease without the written consent of the Sublessee.

If claim is made against any indemnified party for any Taxes indemnified against under this Section 6, such party shall promptly notify the Sublessee. If reasonably requested by the Sublessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Sublessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Sublessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such indemnified party; provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior written

consent of such indemnified party, which consent shall not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Sublessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by the Sublessee and the period of such payment, such indemnified party shall pay to the Sublessee the amount of such refund or interest net of expenses, and shall also pay to the Sublessee any additional amount paid by the Sublessee pursuant to the second paragraph of this Section 6, (as to the latter payment, however, only to the extent that the indemnified party is restored to the same after-tax position it would have been in had such refund not been received), but only if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Sublessee under this Section 6 or arising out of this Section 6, the Sublessee shall either make such report or return in such manner as will show the interests of the Owner-Trustee, the Vendor and the Sublessor in the Units, or shall promptly notify the Sublessor, the Owner-Trustee, the Owner and the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Sublessor, the Owner-Trustee, the Vendor and the Owner. All costs and expenses (including reasonable legal and accountants' fees) of preparing any such return or report shall be borne by the Sublessee.

All the obligations of the Sublessee under this Section 6 shall survive and continue, notwithstanding payment in full of all amounts due under the Security Document or the termination of this Sublease or the Lease, but only with respect to periods included in the term of this Sublease. Payments due from the Sublessee under this Section 6 shall be payable directly to the indemnified party, except to the extent paid to a governmental agency or taxing authority. The foregoing indemnities by the Sublessee shall not constitute a guarantee by the Sublessee of the payment of any installments of principal or interest payable under the Security Document, or a guarantee of the value of the Equipment following the expiration of the term hereof as such term may or may not be renewed.

The Sublessee shall furnish promptly, upon request, such information and data as are normally available to the Sublessee and which the Sublessor, the Owner-Trustee, the Vendor or the Owner reasonably may require to permit compliance with the requirements of any taxing authorities.

SECTION 7. Payment for Casualty Occurrences; Insurance. 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 Sublessee for a period of 90 consecutive days, except (i) prior to obtaining a final and non-appealable order in the reorganization proceedings of the Rock Island, a court or other governmental order requiring a return of such Unit to the Rock Island or any third party, or (ii) requisition for use by the United States Government for a period not in excess of the then remaining term of this Sublease (such occurrences being hereinafter called Casualty Occurrences), during the term of this Sublease, or until such Unit shall have been returned in the manner provided in Sections 11 or 14 hereof, the Sublessee shall promptly and fully notify (after the Sublessee has knowledge of such Casualty Occurrence) the Sublessor, the Owner-Trustee and the Vendor with respect thereto. On the next quarterly rental payment date (not earlier than the first regular quarterly rental payment date, or, in the event the term of this Sublease has already expired or will expire within the 15 days after delivery of such notice, on a date within 15 days of such delivery), the Sublessee shall pay or cause to be paid to the Sublessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value of such Unit as of such rental payment date (such rental payment date being hereinafter called the Casualty Payment Date). Upon the making of such payment by or on behalf of the Sublessee 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 Sublease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Sublessor shall be entitled to recover possession of such Unit.

If the date upon which the making of such payment by the Sublessee in respect of any Unit as required as aforesaid shall be after the term of this Sublease in respect of such Unit shall have expired, no rental for such Unit shall accrue after the end of such term but the Sublessee, in addition to paying the Casualty Value for such Unit, shall pay or cause to be paid interest thereon from the end of such term to the date of such payment at the Prime Rate of interest (as hereinafter defined).

The Sublessor, as agent for the Owner-Trustee under the Lease, hereby constitutes the Sublessee as its agent to, and Sublessee shall dispose of any such Unit suffering a Casualty Occurrence at the best price obtainable on an "as is, where is" basis. Provided that the Sublessee has previously paid the Casualty Value to the Sublessor and no Event of Default, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Sublessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and the Sublessor shall pay such proceeds to the Sublessee, and the excess shall be retained by the Sublessor. If such an Event of Default or event has occurred and is continuing, the Sublessor shall retain the proceeds of such sale for application in accordance with Section 10 hereof.

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

In the event of the requisition for use of any Unit during the term of this Sublease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Sublessee's obligations under this Sublease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned at any time after the end of the term of this Sublease, the Sublessee shall be obligated to return such Unit to the Sublessor, pursuant to Section 11 or 14 hereof, as the case may be, promptly upon such return rather than at the end of the term of this Sublease; but the Sublessee shall in all other respects comply with the provisions of said Section 11 or 14, as the case may be, with respect to such Unit. All payments received by the Sublessor or the Sublessee from the requisitioning authority for the use of such Unit during the term of this Sublease shall be paid over to, or retained by, the Sublessee provided no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing; and all payments received by the Sublessor or the Sublessee from the requisitioning authority for the use of such Unit after the term of this Sublease, shall be paid over to, or retained by, the Sublessor.

At its own expense, the Sublessee will cause to be carried and maintained casualty insurance with respect to each Unit and public liability insurance, in each case in amounts and against risks customarily insured against by the Sublessee on similar equipment and, in any event, on equipment owned by it. If requested by the Sublessor, all policies with respect to such insurance shall name the Sublessor and the Sublessee as assureds and loss payees, as their interests may appear, and shall provide for at least 10 days' prior written notice by the underwriter or insurance company to the Sublessor in the event of cancellation or expiration. The Sublessee shall upon request of the Sublessor, furnish appropriate evidence of such insurance. Notwithstanding the foregoing, Sublessee may self-insure all the risk(s) set forth above through Sublessee's participation in the self insurance plan of the Canadian National Railway. In January of each year during the term hereof, Sublessee shall either (a) deliver to the Sublessor a certificate of an officer of Sublessee stating that Sublessee is furnishing self insurance through Sublessee's participation in said plan or (b) deliver to the Owner-Trustee, the Owner, the Sublessor, and the Vendor a certificate of insurance by or on behalf of each insurer stating the coverage, named insured and limits of each policy required above.

Except as hereinabove in this Section 7 provided, the Sublessee 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 thereof to the Sublessee hereunder.

SECTION 8. Reports. On or before April 1 in each year, commencing with the calendar year next succeeding the calendar year in which this Sublease is executed, the Sublessee will furnish to the Sublessor, the Owner-Trustee, the Owner and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then subleased hereunder and covered by the Security Document, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or, in the case of the first such statement, since the date of this Sublease (specifying the dates of such Casualty Occurrences) or to the knowledge of the Sublessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repair) and such other information regarding the condition and state of repair of the Units as the Sublessor, the Owner-Trustee or the Vendor may reasonably request and (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 Section 5 hereof, the Lease and the Security Document have been preserved or replaced. The Sublessor and the Owner-Trustee shall have the right by their respective agents to inspect the Units and the records of the Sublessee and its agents with respect thereto at such reasonable times as the Sublessor or the Owner-Trustee may request during the continuance of this Sublease.

The Sublessee agrees at its expense to prepare and deliver to the Sublessor and the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Sublessor and the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Sublessor and the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Vendor of the Units or the leasing thereof to the Sublessor or the subleasing thereof to the Sublessee or the further subleasing by the Sublessee pursuant to Section 12 hereof.

SECTION 9. Disclaimer of Warranties; Compliance with Laws and Rules ; Maintenance; Indemnification. THE SUBLESSOR, THE OWNER-TRUSTEE AND THE OWNER DO NOT MAKE ANY, HAVE NOT MADE ANY AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY 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 SUBLESSEE HEREUNDER, AND THE SUBLESSOR, THE OWNER-TRUSTEE AND THE OWNER MAKE 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 SUBLESSEE OR OTHERWISE), it being agreed that all such risks, as between the Sublessor, the Owner-Trustee and the Sublessee, are to be borne by the Sublessee; but the Sublessor hereby irrevocably appoints and constitutes the Sublessee its agent and attorney-in-fact during the term of this Sublease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee, the Sublessor and/or the Sublessee, as their interests may appear, at the Sublessee's sole cost and expense, whatever claims and rights the Owner-Trustee or the Sublessor may have against the Builder. The Sublessor, the Owner-Trustee and the Owner shall have no responsibility or liability to the Sublessee 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 (except as expressly provided herein), operation, servicing, maintenance, repair, improvement or replacement of any Units. The Sublessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Sublessee, on the one hand, and the Sublessor and the Owner-Trustee, on the other hand, that the Units described therein are in all the foregoing respects satisfactory to the Sublessee; and the Sublessee will not assert any claim of any nature whatsoever against the Sublessor, the Owner-Trustee or the Owner based on any of the foregoing matters.

The Sublessee agrees, for the benefit of the Sublessor, the Owner-Trustee, the Owner and the Vendor, 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 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 applicable laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Sublessee will fully conform therewith at its own expense; provided, however, that the Sublessee may upon written notice to the Sublessor, the Owner-Trustee and the Vendor, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Sublessor, the Owner-Trustee or the Vendor, adversely affect the property or rights of the

Sublessor, the Owner-Trustee or the Vendor under this Sublease or under the Lease or under the Security Document.

The Sublessee 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 Addition thereto as hereinbelow provided) which is subject to this Sublease in good operating order, repair and condition, ordinary wear and tear excepted.

The Sublessee 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, assemblies or racks 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 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) ("Addition") to the Units as the Sublessee 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, 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 Sublease; 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, assuming the Unit was then in the condition required to be maintained by the terms of this Sublease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee and be subject to a valid first lien and prior perfected security interest under the Security Document 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 Units pursuant to the terms of the second or third paragraph of this Section 9 or (iii) notwithstanding the provisions of the fourth paragraph of this Section 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 shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the

Units as a result of such alterations or additions shall vest in the Sublessee. The term Part for the purposes of this paragraph and Section 14 hereof shall be defined to include 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.

For conditions and events occurring from and after the commencement of this Sublease with respect to any Unit, the Sublessee shall, with respect to such Unit, pay or cause to be paid, and shall protect, indemnify and hold the Sublessor, the Owner-Trustee, the Owner, the Investors and the Vendor (for purposes of this paragraph only, as defined in the Security Document), and their respective successors, assigns, agents and servants (hereinafter called Indemnified Persons), as third party beneficiaries hereof, harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising or alleged to arise out of this Sublease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Sublessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort or imposed by statute; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Sublessee, the Owner-Trustee, the Sublessor or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation (except by the Indemnified Person seeking indemnity hereunder) or alleged violation, of any provision of this Sublease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, subleasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Sublease Reassignment, the Security Document or the Participation Agreement, except to the extent such claim arises from a negligent act or negligent omission or wilful wrongdoing of the Owner-Trustee; or (viii) any claim arising out of the Vendor's holding a security interest under the Security Document or the Sublease Reassignment (all of which matters

hereinabove set forth in this Section 9 being hereinafter called "Indemnified Matters"). All payments hereunder shall be made directly to the Indemnified Person. The Sublessee shall be obligated under this Section 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Sublessee under this Section 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Sublessee may and, upon such Indemnified Person's reasonable request, will at the Sublessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Sublessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Sublessee to do so, the Sublessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Sublessee is required to make any payment under this Section 9, the Sublessee shall pay or cause to be paid to such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the discretion of the Indemnified Person), shall be equal to the amount of such payment. The Sublessee and the Sublessor each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of, or the making of provision satisfactory to the Indemnified Person for the full payment of, any Indemnified Matter by the Sublessee, and provided that no Event of Default, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Sublessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Sublessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Sublessee pursuant to this Section 9 shall be paid over to the Sublessee to the extent necessary to reimburse the Subleseee for indemnification payments previously made in respect of such Indemnified matter.

The Sublessee further agrees to indemnify, protect and hold harmless the Sublessor and the Owner-Trustee, the Investors, the Vendor and the Owner, as third party beneficiaries hereof, from and against any and all liabilities, claims, costs, charges and expenses, including royalty payments and counsel fees, in any

manner imposed upon or accruing against the Sublessor or the Owner-Trustee, the Investors, the Vendor or the Owner, as a result of conditions or events occurring from and after the commencement date of this Sublease with respect to any Unit, because of the use in or about the construction or operation of such Unit of any article or material specified by the Sublessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Sublessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Sublessee will give notice to the Builder of any claim known to the Sublessee from which liability may be charged against the Builder under the Security Document.

The indemnities contained in this Section 9 shall survive the expiration or termination of this Sublease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Section 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Sublessee or the Owner-Trustee or the Sublessor therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The foregoing indemnities by the Sublessee shall not constitute a guarantee by the Sublessee of any payment or other obligation, including without limitation the payment of any installments of principal or interest, under the Security Document, or a guarantee of any value of the Equipment following the expiration of the term thereof as such term may or may not be renewed. With respect to the indemnities for Federal income taxes, reference is made to Section 21 hereof.

SECTION 10. Default; Early Termination. If, during the continuance of this Sublease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

(A) payment of any part of the rental provided in Section 3 or Section 13 hereof or payment in respect of any Casualty Occurrence pursuant to Section 7 hereof shall not be made by or on behalf of the Sublessee, and such failure to make payment shall continue for 10 business days after notice of non-payment; or

(B) (x) any representation or warranty of the Sublessee contained herein (except the representations and warranties contained in Section 21 hereof) shall have been incorrect in any material respect as of the date when made, unless (i) such misrepresentation or the breach of such warranty has been cured, if curable, within 30 days after written notice thereof to the

Sublessee from the Sublessor, Owner-Trustee or the Vendor, or (ii) there is no material adverse effect on the rights of the Sublessor, Owner-Trustee, the Owner or the Vendor hereunder resulting from such misrepresentation or breach, or (iii) any damages resulting from such misrepresentation or breach shall have been paid within 30 days after demand therefor, to the satisfaction of the Sublessor, Owner-Trustee, the Owner and the Vendor, or

(y) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Sublessee contained herein, and such default shall continue for 30 days after written notice from the Sublessor, Owner-Trustee or the Vendor to the Sublessee specifying the default and demanding that the same be remedied; or

(C) a petition for reorganization under Title 11 of the United States Code, as now constituted or as may hereafter be amended, shall be filed by or against the Sublessee and,unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Sublessee, under this Sublease or under the Sublessee's Consent, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed or proceedings commenced; or

(D) any other proceeding shall be commenced by or against the Sublessee, for any relief which includes, or might result in, any modification of the obligations of the Sublessee, hereunder or under the Sublessee's Consent, under any bankruptcy, or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Sublessee, hereunder or under the Sublessee's Consent), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Sublessee under this Sublease or under the Sublessee's Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or

trustees or receiver or receivers appointed (whether or not subject to ratification) for the Sublessee, or for the property of the Sublessee, in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(E) the Sublessee shall make or permit any unauthorized assignment or transfer of this Sublease, or any interest herein, or of the right to possession of the Units, or any thereof; or

(F) the subjection of any of the Sublessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency; or

(G) any event of default set forth in Article 15 of the Security Document shall have occurred and either (i) such event results from any default by the Sublessee in performing any of its obligations hereunder or (ii) the Payments (as defined in the Sublease Assignment) are not for any reason (other than the negligence or wilful wrongdoing of the Agent) being applied as provided in Paragraph 1 of the Sublease Assignment;

then, in any such case, the Sublessor, at its option, may:

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

(b) by notice in writing to the Sublessee terminate this Sublease, whereupon all rights of the Sublessee to the use of the Units shall absolutely cease and terminate as though this Sublease had never been made, but the Sublessee shall remain liable as herein provided; and thereupon the Sublessor may by its agents enter upon the premises of the Sublessee 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 Sublessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Sublessee for such action or inaction or for any proceeds arising therefrom; but the Sublessor shall, nevertheless, have a right to recover from the Sublessee any and all amounts which under the terms of this Sublease 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 Sublessee as damages (the "Liquidated Damages") for loss of the bargain and not as a penalty, whichever of the following amounts the Sublessor, 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 Sublease as to such Unit over (2) the then present value of the rentals which the Sublessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an 8% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Sublease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Sublessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Sublease 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 Sublessor reasonably estimates to be the sale value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Sublessor shall have sold or leased any Unit, the Sublessor, in lieu of collecting any amounts payable to the Sublessor by the Sublessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Sublessee pay the Sublessor and the Sublessee shall pay to the Sublessor on the date of such sale or leasing, as the case may be, as liquidated damages for loss of a bargain and not as a penalty (i) in the case of such sale, 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 and (ii) in the case of such a leasing, an amount equal to the excess, if any, of the present value of all rental for such Unit which would otherwise have accrued hereunder from the date of termination to the end of the term of this Sublease as to such Unit over the sum of (I) the then present value of all rental for such Unit required under such new lease plus (II) the then present

value of the rental (if any) which the Sublessor reasonably estimates to be obtainable for the Unit during the period commencing on the termination of such new lease and ending on the date the term of this Sublease would have terminated if it had not been terminated early due to default, each such present value to be computed in each case on the basis of an 8% per annum discount, compounded, in the case of rental which is estimated under clause II of this sentence, quarter-annually from the respective dates upon which rentals would have been payable hereunder had this Sublease not been terminated and, in the case of rental under such new lease, periodically from the respective dates upon which such rental shall be payable thereunder.

In addition, the Sublessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies 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 Sublessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

In the event that (i) the Bond (as defined in the Security Document) shall for any reason no longer be effective and enforceable or (ii) an event of default set forth in subparagraph (e) with respect to Great American Insurance Company of Article 15 of the Security Document shall have occurred and provided the interests of the Vendor and the Owner-Trustee (and their respective successors and assigns) in this Sublease shall not have terminated, then 10 days after such event (A) Sublessee shall pay the following amounts: (1) any and all amounts which under the terms of this Sublease 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 (2) Liquidated Damages, up to but not exceeding the amount payable by the Sublessor to the Owner-Trustee as damages for loss of the bargain under paragraph (b) of Section 10 of the Lease, (B) all rights of the Sublessee to the use of the Units shall absolutely cease and the Sublessee shall return the Units to the Sublessor as provided in Section 11, and (C) this Sublease shall terminate (except as to those obligations of the Sublessee and the Sublessor which by the terms of this Sublease shall survive this termination). The Sublessee shall pay the aforementioned amounts to the Vendor (its successors and assigns) for so long as the Security Document shall remain in effect, then, after the Sublessee shall have received notice from the Vendor that the Security Document is no longer in effect, to the Owner-Trustee.

The remedies in this Sublease provided in favor of the Sublessor 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 Sublessee 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 Sublessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder and agrees to make such rental payments regardless of any offset which may be asserted by the Sublessee on its behalf.

The failure of the Sublessor 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 Sublessor.

The Sublessee also agrees to furnish the Sublessor, the Owner-Trustee, the Owner and the Vendor, promptly upon any responsible officer's becoming aware of any condition which constitutes an Event of Default, or which upon notice or lapse of time or both would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 10, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Sublessee in this Sublease contained, any corporate official of the Sublessee who in the normal performance of such official's operational responsibilities would have knowledge of such matter and the requirements of this Sublease with respect thereto.

SECTION 11. Return of Units Upon Default. If this Sublease shall terminate pursuant to Section 10 hereof, the Sublessee shall forthwith deliver possession of the Units to the Sublessor 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 Sublessor pursuant to this Section 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Sublessee, reasonable wear and tear and modifications, if any, permitted by this Sublease excepted and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, or such comparable standards as may then be in effect. For the purpose of delivering possession of any Unit or Units to the Sublessor as above required, the Sublessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall

reasonably be designated by the Sublessor and there assembled,

(b) furnish and arrange for the Sublessor to store such Units on any lines of railroad or premises approved by the Sublessor until such Units have been sold, leased or otherwise disposed of by the Sublessor, and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Sublessor upon any sale, lease or other disposal of all or any of the Units.

The assembling, delivery, storage and transporting, of the Units as hereinabove provided shall be at the expense and risk of the Sublessee and are of the essence of this Sublease; and, upon application to any court of equity having jurisdiction in the premises, the Sublessor shall be entitled to a decree against the Sublessee requiring specific performance of the covenants of the Sublessee so as to assemble, deliver, store and transport the Units. During any storage period, the Sublessee will permit the Sublessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user or any such Unit, to inspect the same, provided, however that the Sublessee shall not be liable for any injury to or the death of, any person exercising, either on behalf of the Sublessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or wilful wrongdoing of the Sublessee or of its employees or agents to the extent otherwise provided by law. In the event that the Units or any thereof are sold, the Sublessee shall pay to the Sublessor the per diem interchange for each such Unit which shall not be assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Sublessee under the foregoing provisions of this Section 11, the Sublessee hereby irrevocably appoints the Sublessor as the agent and attorney of the Sublessee, with full power and authority, at any time while the Sublessee is obligated to deliver possession of any Unit to the Sublessor, to demand and take possession of such Unit in the name and on behalf of the Sublessee from whosoever shall be in possession of such Unit at the time, and to give all appropriate notices and directions to the Association of American Railroads to change the registration of such Unit from the Sublessee to the Sublessor as the Sublessor may direct.

SECTION 12. Assignment; Possession and Use. This Sublease shall be assignable in whole or in part by the Sublessor without the consent of the Sublessee; but the Sublessee shall be under no obligation to any assignee of the Sublessor other than the Owner-Trustee, or its reassignee, the Vendor, except upon

written notice of such assignment or reassignment from the Sublessor or the Owner-Trustee. All the rights of the Sublessor hereunder (including, but not limited to, the rights under Sections 6, 7, 10 and 21 and the rights to receive the rentals payable under this Sublease) shall inure to the benefit of the Sublessor's successors and assigns, including the Owner-Trustee, and to the Owner-Trustee's reassigns, including the Vendor, except to the extent that the same may be reserved to the Sublessor.

So long as no Event of Default hereunder or event of default under the Security Document (as defined therein) shall have occurred, the Sublessee shall be entitled to the possession of the Units in accordance with the terms of this Sublease but, without the prior written consent of the Sublessor, the Owner-Trustee and the Vendor, the Sublessee shall not assign or transfer its leasehold interest under this Sublease in the Units or any of them, except as hereinafter provided in this Section 12, provided that if such event of default shall have been the result of an act or omission of the Sublessor such termination shall be without prejudice to any claim of the Sublessee against the Sublessor with respect thereto; provided, however, such claims, if any, of the Sublessee against the Sublessor shall not in any way affect the Sublessee's obligations under Section 1, 3 and 23 hereof. The Sublessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Owner, the Sublessor, the Owner-Trustee or the Vendor and not the result of an Event of Default or resulting from claims against the Owner, the Sublessor, the Owner-Trustee or the Vendor not related to the ownership of the Units, or liens for taxes for which Sublessee is not liable pursuant to this Sublease or liens arising from the Rock Island Lease for which Sublessee is not liable pursuant to this Sublease) upon or with respect to any Unit or the interest of the Sublessor, the Owner-Trustee, the Vendor or the Sublessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and nonpayment thereof does not, in the reasonable opinion of the Vendor, the Owner-Trustee and the Sublessor adversely affect the interest of the Vendor, the Owner-Trustee or the Sublessor in the Units, the Vendor's interest in the income and proceeds from the Units, or otherwise under this Sublease, the Lease or the Security Document. The Sublessee shall not, without the prior written consent of the Sublessor and the Owner-Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next paragraph.

So long as the Sublessee shall not be in default under this Sublease, the Sublessee shall be entitled to the possession

and use of the Units in accordance with the terms hereof and to permit the use of the Units by any railroad company or companies incorporated in the United States of America with which it has contractual arrangements for the use of the Units for its benefit upon trackage owned or operated by it or upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage or other operating rights or over which railroad equipment of such railroad company or companies is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Sublease, the Lease and the Security Document; provided, however, that the Sublessee shall not assign, sublease or permit the assignment, sublease or use of any Unit to service involving the operation and maintenance thereof outside the United States of America within the meaning of section 48(a) of the Internal Revenue Code of 1954, as amended to August 20, 1979 (hereinafter called the Code), nor shall the Sublessee assign or sublease to, or permit the sublease or use of the Units by, any person if such assignment or sublease would cause such Units to fail to qualify as "section 38 property" within the meaning of the Code. The Sublessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 12 shall be deemed to restrict the right of the Sublessee to assign or transfer its leasehold interest under this Sublease in the Units or possession of the Units to any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Sublessee hereunder by an appropriate instrument in writing) into or with which the Sublessee shall have become merged or consolidated or which shall have acquired the property of the Sublessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Sublease.

In case of any sale or conveyance of all or substantially all of the lines of railroad of the Sublessee, or of the lines of the Sublessee on which a substantial portion of the Units are used, the purchaser, or transferee of the purchaser, shall not be at liberty to refuse to accept performance of this Sublease or to disaffirm it and any such purchaser and any such transferee shall assume and agree to perform each and all of the obligations of the Sublessee hereunder.

SECTION 13. Renewal Options. Provided that this Sublease has not been earlier terminated and the Sublessee is not in default hereunder, the Sublessee may by written notice delivered to the Sublessor not less than six months prior to the end of the term of this Sublease, elect to extend the term of

this Sublease in respect of all, but not fewer than all, the Units then covered by this Sublease for one five year period commencing on the scheduled expiration of the term of this Sublease, at a quarterly rental rate equal to the Fair Market Rental Value of each Unit then subject to this Sublease; such rental shall be payable in arrears on January 17, April 17, July 17 and October 17 in each year of such term of this Sublease

"Fair Market Rental Value" shall be determined on the basis of the value which would be obtained in an arm's-length transaction between an informed and willing lessee-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease. If, after 60 days from the giving of notice by the Sublessee of the Sublessee's election to extend the term of this Sublease pursuant to the first paragraph of this Section 13, the Sublessor and the Sublessee are unable to agree upon a determination of the Fair Market Rental Value of the Units, such value shall be determined in accordance with the foregoing definition by the following appraisal procedure: If either party to such determination shall have given written notice to the other requesting determination of such value 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 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 apply, to make such appointment, to the American Arbitration Association, 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 Value of the Units prior to the expiration of the term of this Sublease. 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 Value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Rental Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as were in effect on the date of appointment of the final appraiser, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental Value 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 by the Sublessee.

Provided that this Sublease has not been earlier terminated and the Sublessee is not in default hereunder, the Sublessee has not elected to extend the original term of this Sublease pursuant to the first paragraph of this Section 13 and the Owner-Trustee elects to sell any Units to third parties at the expiration of the term of this Sublease, the Sublessee shall be given written notice of such election prior to the expiration of the term of this Sublease. Subject to the first sentence of this paragraph, in the event that the Owner-Trustee shall receive, prior to 90 days after the Termination Date, a bona fide offer in writing from another party to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer, the Sublessor pursuant to Sublessor's option to purchase under the Lease, shall cause the Owner-Trustee to give written notice to the Sublessee of such offer. Such notice shall be given to the Sublessee on any date between 60 days before and 90 days after the Termination Date and shall include the price and, if such offer was for other than solely cash, the other terms and conditions offered by the other party to the Owner-Trustee. The Sublessee shall have the sole right and option, for a period of 20 days from the date of delivery of such notice, to purchase the Units for cash at the price, or at the price and (after giving effect to credit standing of the Sublessee at the time of exercise of such purchase right) on substantially similar terms and conditions, at which the Units are proposed to be sold. The Sublessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Sublessee to the Owner-Trustee or (ii) 45 days after the Termination Date. In the event that the Sublessee shall have delivered a notice of its election to purchase the Units, this Sublease (including the obligation to pay rent at the rental rate applicable to the term of this Sublease) shall be extended or renewed upon the same terms and conditions set forth herein from the Termination Date or the date such notice is delivered, as the case may be, until the date of such purchase.

SECTION 14. Return of Units upon Expiration of Term. On or prior to the termination of the term of this Sublease or as soon as practicable on or after the termination of the term of this Sublease and in any event not later than 90 days after the termination of the term of this Sublease the Sublessee will, except as hereinafter provided, at its own cost and expense, at the request of the Sublessor, cause each Unit to be transported to such point or points on the Sublessee's lines as shall be designated by the Sublessor immediately prior to such termination and arrange for the Sublessor to store such Unit on any of the Sublessee's lines of railroad or premises approved by the Sublessor for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 90 days from the date at which at least 90% of such Units are first placed in storage pursuant to this Section 14, the assembly, delivery, storage and transporting of such Unit to be at the

expense and risk of the Sublessee; provided, however, that if the lines designated by the Sublessor for such storage are lines other than Sublessee's lines, the cost of using such lines shall be at the Sublessor's expense. During any such storage period the Sublessee will permit the Sublessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Sublessee shall not be liable for any injury to or the death of any person exercising, either on behalf of the Sublessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or wilful wrongdoing of the Sublessee or of its employees or agents and except to the extent otherwise provided by law. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Sublease, and upon application to any court of equity having jurisdiction in the premises, the Sublessor shall be entitled to a decree against the Sublessee requiring specific performance of the covenants of the Sublessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Sublessor pursuant to this Section 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Sublessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to Section 9 hereof and have removed therefrom at the Sublessee's expense any Part or Addition title to which is not in the Owner-Trustee or any other person (other than the Sublessee) pursuant to such Section 9 and (iii) meet the standards then in effect for such Units under the Interchange Rules of the Association of American Railroads, if applicable, or such comparable standards as may then be in effect. If any Unit suffers a Casualty Occurrence during any storage period provided for in this Section 14, prior to its return to the Sublessor, the Sublessee shall pay to the Sublessor the Casualty Value of such Unit as determined in accordance with Section 7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of this Sublease as to such Unit, belong to and be the property of the Sublessor. In the event that by the 90th day after the termination of the term of this Sublease the Sublessee has not, at the request of the Sublessor, caused at least 90% of the Units to be transported to such point or points as shall have been designated by the Sublessor pursuant to this Section 14, the Sublessee shall pay to the Sublessor the per diem interchange multiplied by the number of Units equal to the difference between 90% of such Units and the number of Units previously delivered pursuant to this Section 14 (such number to be determined on each day) for each day from such 90th day to the date on which at least 90% of the Units have been so transported. If, after the termination of the storage period provided in this Section 14, any Units have not been so transported, the Sublessee shall pay to the Sublessor the per diem interchange for each Unit not so transported for each day after the end of such storage period until such Unit or Units have been so transported; provided, however, that if any Unit has not suffered a Casualty Occurrence

prior to the first anniversary of the termination of this Sublease and has not been so transported within one year after the termination of the term of this Sublease, such Unit shall be deemed to have suffered a Casualty Occurrence and the Sublessee shall pay or cause to be paid to the Sublessor, on the 10th day after the expiration of such year, an amount equal to the greater of (x) the Casualty Value of such Unit as of such payment date or (y) the Fair Market Value of such Unit as of the date this Sublease terminated and assuming such Unit had not experienced a Casualty Occurrence and was then in the condition required to be maintained by the terms of this Sublease. If, after 10 days from the expiration of such year, the Sublessor and the Sublessee are unable to agree upon a determination of the Fair Market Value of any such Unit, such value shall be determined in accordance with the appraisal procedure specified in the second paragraph of Section 13 hereof and payment of such amount shall be made on the fifth business day following the determination of such Fair Market Value. "Fair Market Value" shall be determined on the basis of the value which would be obtained in an arm's-length transaction between an informed and willing buyer (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell.

Upon the expiration of the original term of this Sublease on January 17, 1999, if the Sublessee has not elected to exercise the renewal option permitted in the first paragraph of Section 13 hereof the Sublessee will deliver to the Sublessor and the Owner-Trustee a certificate of an officer of the Sublessee to the effect that (a) no Event of Default or event which with lapse of time or notice or both would constitute an Event of Default had occurred or was continuing as of the date this Sublease was originally scheduled to terminate; (b) no liens, charges, security interests or other encumbrances (except an encumbrance resulting from claims against or created by the Sublessor, the Owner-Trustee or the Owner and except for liens for taxes for which the Sublessee is not liable pursuant to this Sublease and liens arising from the Rock Island Lease for which the Sublessee is not liable pursuant to this Sublease) were as of the date upon which the original term of this Sublease shall have expired, imposed on or with respect to any Unit, any accession thereto, or the interest of the Sublessor, the Owner-Trustee or the Owner therein; (c) the Units which have been returned to the Sublessor pursuant to this Section 14 are in the same operating order, repair and condition required by the first paragraph of this Section 14 and (d) the Sublessee no longer has any interest in the Units under the Sublease or otherwise except as provided in the third paragraph of Section 13 hereof. If a certificate of an officer of the Sublessee is required to be furnished pursuant to the preceding sentence, the certificate described in clause (a) in the preceding sentence shall be furnished on the date upon which the original term of this Sublease shall have expired, and the certificates described in clauses (b), (c) and (d) in the preceding sentence, in addition to being furnished on the date upon which the original term of this Sublease shall have expired, shall be furnished

on a monthly basis, beginning on the next ensuing month, and such certificates shall cover each Unit returned during the preceding 30 calendar days and shall apply to each such Unit as of the date such Unit was returned pursuant to the provisions of the first paragraph of this Section 14. Upon the expiration of any extended term of this Sublease, the Sublessee shall deliver to the Sublessor a certificate or certificates of an officer of the Sublessee to the foregoing effect, with such conforming changes as shall be appropriate under the circumstances.

SECTION 15. Recording. The Sublessee, at its own expense, will cause this Sublease, the Sublease Assignment, the Sublease Reassignment and any sublease permitted under Section 12 hereof (including any assignment or reassignment hereof or thereof) to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303. The Sublessee will, at its own expense, undertake every filing, registering, deposit, and recording required of the Owner-Trustee under the Security Document and the Sublessor under the Lease (to the extent relating to this Sublease or Units) and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Sublessor, the Owner-Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Sublessor's, the Vendor's and the Owner-Trustee's respective interests in the Units, or (to the extent relating to this Sublease or Units) for the purpose of carrying out the intention of this Sublease, the Lease, the Security Document, the Sublease Assignment or the Sublease Reassignment.

SECTION 16. Additional Opinions. The Sublessee will promptly furnish to the Sublessor, the Vendor and the Owner-Trustee evidence of every filing, registering, depositing or recording required pursuant to Section 15 hereof, and an opinion or opinions of counsel for the Sublessee with respect thereto satisfactory to the Vendor and the Owner-Trustee. This Sublease shall be filed and recorded with the Interstate Commerce Commission within 5 days after execution by the Sublessee and the Sublessor.

SECTION 17. Obligations of Owner-Trustee Under Security Document; Additional Rentals. In the event that the Owner-Trustee shall become obligated to make any payment or perform any obligation in respect of the Units (other than (i) obligations to make payments in settlement for Equipment or the principal of or interest on the Conditional Sale Indebtedness (as defined in the Security Document) pursuant to the Security Document and pursuant to the proviso to the third paragraph of Article 12 thereof, (ii) obligations to provide insurance required by the last paragraph of Article 7 of the Security Document and (iii) obligations imposed in an Event of Default under the Security Document if the Sublessee is not in default hereunder), the Sublessee shall pay such additional rentals hereunder and perform such obligations so

that all of the Owner-Trustee's obligations (other than as aforesaid) pursuant to the Security Document shall be fully complied with, without regard for any limitation of liability of the Owner-Trustee contained in the Security Document.

SECTION 18. Sublessor's Right To Perform for the Sublessee. If the Sublessee fails to perform or comply with any of its agreements contained herein, the Sublessor may upon notice to the Sublessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Sublessor incurred in connection with such performance or compliance, together with interest on such amount at a rate of 11.00% per annum (or such lesser amount as may be legally enforceable) shall be payable by the Sublessee upon demand.

SECTION 19. 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 Sublessee promptly to pay an amount equal to a rate of 10.25% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

SECTION 20. 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 by registered or certified mail, first-class postage prepaid, addressed as follows:

> if to the Owner-Trustee, at 79 South Main Street (Suite 310), Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department;
>
> if to the Sublessor, care of Thayer, Ringoen & Macdonald, 50 California Street, San Francisco, California 94111, Attention of President;
>
> if to the Sublessee, at 131 West Lafayette, Detroit, Michigan 48226; Attention: Secretary

or addressed to any party at such 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 or so furnished for such party. Any notice to the Sublessee by the Vendor or the Investors regarding the Sublessee's failure to perform any obligation hereunder shall also be furnished by the Sublessee to the Owner-Trustee and the Sublessor.

SECTION 21. Federal Income Taxes. The Rock Island Lease was entered into on the basis that an opinion of the chief mechanical officer of Rock Island to the effect described in the last paragraph of this Section 21 would be provided to the Owner;

and on the basis that the Owner, as the beneficial owner of each Unit, shall be entitled to such deductions, credits and other benefits provided by the Internal Revenue Code of 1954, as amended, (hereinafter called the Code) to an owner of property, including without limitation, (a) deductions for depreciation of each Unit under section 167 of the Code commencing in the year that such Unit is delivered to the Owner-Trustee under the Security Document computed on the basis (i) that each Unit will have a basis under section 167(g) of the Code at least equivalent to the Purchase Price of such Unit, (ii) initially of the declining balance method, using a rate equal to 200% of the straight line rate, switching to the sum of the years-digits method authorized by section 167(b)(2) and (3) of the Code, (iii) of the asset depreciation range and class life system permitted by section 167(m) of the Code and Income Tax Regulation §1.167(a)-11 and (iv) of an asset depreciation period of 12 years (hereinafter called the ADR Deductions), and (v) that the Units of Equipment shall be treated as having been placed in service on the respective dates on which they were accepted and delivered under the Rock Island Lease and the Security Document (hereinafter called the ADR Deductions), (b) deductions with respect to interest on the CSA Indebtedness when paid or accrued, in accordance with the method of accounting on the basis of which the Owner regularly computes its income provided such basis is authorized by and fully conforms to the provisions of section 163 of the Code (hereinafter called the Interest Deductions), (c) an investment credit pursuant to section 38 of the Code in the year that each Unit was delivered to the Owner-Trustee under the Security Document at least equal to 10% of the Purchase Price of such Unit (hereinafter called the Investment Credit). The Rock Island Lease was also entered into on the assumption that for Federal income tax purposes all amounts includible in the gross income of the Owner with respect to the Equipment and all deductions allowable to the Owner with respect to the Equipment will be treated as derived from, or allocable to, sources within the United States.

The Sublessee understands that (a) the Owner has claimed on its Federal income tax returns the Investment Credit, the ADR Deductions and the Interest Deductions, respectively, (b) the Owner has treated on its Federal income tax returns the income and deductions with respect to the Equipment as derived from, or allocable to, sources within the United States, and (c) the Sublessor is entering into this Sublease with the understanding that, at all times during the term of the Sublease, each Unit will constitute "Section 38 property" within the meaning of Section 48(a) of the Code.

The Sublessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with any of the foregoing provisions of this Section 21.

The Sublessee agrees to use its best efforts to maintain sufficient records to verify the amount of income and deductions in respect of each Unit allocable to sources within and without the United States. The Sublessee agrees to give the Owner, within 60 days after request therefor, written notice describing the amount of income and deductions allocable to sources within and without the United States and specifying in reasonable detail the basis on which such allocations were made, if such information is required in connection with an audit by the Internal Revenue Service of the tax returns of the Owner. In addition, within 90 days after the end of each calendar year, beginning with the year this Sublease is executed, the Sublessee agrees to furnish to the Owner a statement to the effect that from the delivery of the Units hereunder, none of the Units has been used outside of the United States other than in Canada or Mexico on a temporary basis not exceeding 90 days during the preceding calendar year, or if any of the Units was used outside the United States during such year, giving the appropriate details of any such use, which statement shall be signed by the Vice President Finance or Treasurer of the Sublessee.

If, for Federal income tax purposes, as a result of (1) the inaccuracy of any statement made by the Sublessee in any document furnished to the Owner-Trustee or the Owner by the Sublessee (or any officer, agent or employee thereof); or (2) the noncompliance, breach, or misrepresentation by the Sublessee with or of any provision of this Section 21; or (3) the use of any Unit by the Sublessee in such a way as to disqualify it as "section 38 property" within the meaning of section 48(b) of the Code or as property eligible for the ADR Deduction; or (4) any actions or omissions by the Sublessee, except any actions or omissions permitted by the terms of this Sublease, but excluding any of the specific occurrences or events specified in the eighth paragraph of this Section 21, (a) the Owner shall not be entitled to, or shall suffer a disallowance or recapture of or shall lose the benefit of, or shall lose the right to claim (including a good faith determination based upon the opinion, to be obtained at the cost of the Sublessee, of independent tax counsel of the Owner approved by the Sublessee ("Special Tax Counsel"), which approval shall not be unreasonably withheld, that such claim is not allowable), all or any portion of the Investment Credit, the ADR Deductions or the Interest Deductions or (b) any item of income or deduction with respect to a Unit shall not be treated as derived from, or allocable to, sources within the United States (any such event described in clause (a) or (b) of this paragraph being hereinafter called a Loss), then the Sublessor at its option, after receiving written notice from the Owner of such Loss together with a certificate of an officer of the Owner setting forth in reasonable detail the computations and methods used in calculating such Loss and the amount or amounts of the payments required to be paid pursuant to clause (i) or (ii) below (such notice and certificate being hereinafter collectively

called the Net Economic Return Notice), shall either (i) commencing with the next rental payment date occurring more than 30 days after receipt by the Sublessor of the Net Economic Return Notice, which Net Economic Return Notice may not be delivered more than 30 days prior to payment by the Owner of the tax which becomes due as a result of the Loss, increase the rental payments under this Sublease over its remaining term by such an amount which shall cause the Owner's after-tax economic yield to equal the after-tax economic yield (such economic yield being hereinafter called the "Net Economic Return") that would have been realized by the Owner if such loss had not occurred, such increase in the rental payments to be made directly to the Owner, or (ii) within 30 days of receipt of the Net Economic Return Notice, pay to the Owner in a lump sum the amount as shall, in the reasonable opinion of the Owner, be required to provide the Owner with the Net Economic Return that would have been realized by the Owner if such loss had not occurred. If the option under (ii) above is selected, then to the extent any Loss results in a later benefit to the Owner which has not been later into account in determining the lump sum payment, payment will be made to the Sublessee at the time such benefit is realized; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments by the Sublessee to the Owner pursuant to the option specified in (ii) above in respect of a Loss less (y) the amount of all prior payments by the Owner to the Sublessee hereunder, and the amount by which such payment would exceed such amounts shall reduce pro tanto any subsequent obligation of the Sublessee to make any payments to the Owner pursuant to the option specified in (ii) above. The adjustments required to be made pursuant to this paragraph shall be made by the Owner and shall be computed using the same method and assumptions as were utilized by the Owner in originally evaluating the transaction except for the assumption that resulted in such adjustments.

Any late payment by any party hereto of any of its obligations under this Section 21 shall result in the obligation on the part of such party promptly to pay an amount equal to interest at the rate per annum equal to 1% over the Prime Rate compounded quarterly on the overdue payment. Prime Rate as used herein shall mean the rate per annum which The Chase Manhattan Bank, N.A., New York, New York, charges for 90-day unsecured loans to large corporate borrowers of the highest credit standing from time to time in effect for the period such interest is payable.

Notwithstanding anything to the contrary set forth hereinabove, no amount shall be payable as an indemnity hereunder in respect of any Loss to the extent such Loss is the result of any of the following:

(i) a voluntary transfer or voluntary disposition (whether prior to, during or after the term of the

Lease or this Sublease) of any Unit or of the interest of the Owner in any Unit or the rentals under the Lease or this Sublease, or any transfer or disposition of any Unit or of the interest of the Owner in any Units or the rentals under the Lease or this Sublease, whether voluntary or involuntary, which results from bankruptcy or other proceedings for the relief of debtors in which the Owner is the debtor, unless, in each case, such transfer or disposition is made (A) as a direct result of an Event of Default, as defined in Section 10 of this Sublease, which has occurred and is continuing; (B) in connection with any alteration, modification or addition to any Unit; or (C) with the consent of the Sublessee;

(ii) the failure of the Owner to claim in a timely manner the Investment Credit, the ADR Deductions (including making all appropriate elections under the applicable Income Tax Regulations), the Interest Deductions or any foreign tax credit or to make a timely election, if permitted by the Code, to treat income and deductions with respect to the Units as derived from, or allocable to, sources within the United States, unless Special Tax Counsel shall determine that there is no reasonable basis to make such claim;

(iii) the failure of the Owner to have sufficient liability for Federal income tax against which to credit Investment Credit or foreign tax credit or sufficient income to benefit from the ADR Deductions or the Interest Deductions, as applicable;

(iv) any residual sharing, guarantee agreement or other voluntary act of the Owner (either individually or in concert with others) which is not included in the foregoing clauses and which is not required or contemplated by this Sublease, the Sublease Assignment, the Sublease Reassignment, and the Sublessee's Consent;

(v) a change in the form or type of organization or the taxable status of the Owner or any successor or transferee of the Owner;

(vi) a Casualty Occurrence with respect to a Unit, if the Sublessee shall have paid all amounts required to be paid in respect of such Casualty Occurrence under this Sublease, the Sublease Assignment, the Sublease Reassignment, and the Consents; or

(vii) any amendment to, or change in, the Code or the Income Tax Regulations which is enacted after January 1, 1979 (whether or not retroactively effective for any period on or prior to such date).

If at the conclusion of an audit the Owner receives a preliminary or "30-day-letter" from the Internal Revenue Service proposing an adjustment in any item claimed in accordance with the second and third paragraphs of this Section 21 on a tax return or refund claim of the Owner for which the Sublessee would be required to indemnify the Owner and/or Sublessor pursuant to this Section 21 and the amount of the indemnity which the Sublessee would be required to pay (after taking into account the effect that the adjustment would have in periods not included in the audit) would exceed $25,000 or in the good faith opinion of the Sublessee, the adjustment would have a continuing or precedential effect on the Sublessee or the railroad industry and the Sublessee so advises the Sublessor and the Owner in writing, the Sublessee shall not be required to indemnify the Owner or Sublessor unless and until the Owner takes the action set forth below, provided that at any time, whether before or after commencing to take such action, the Owner may decline to take such action by notifying the Sublessor and the Sublessee in writing that the Sublessor and the Sublessee are relieved of their obligations to indemnify the Owner with respect to such adjustment or any such portion specified in such notice. Upon receipt of such preliminary or 30-day letter the Sublessor shall promptly notify the Sublessee of the proposed adjustment and, upon receipt within 20 days after Sublessee's receipt of such notice of a written request to do so from the Sublessee, the Sublessor shall cause the Owner to promptly request from the independent tax counsel selected by the Owner and approved by the Sublessor and the Sublessee, which approval shall not be unreasonably withheld (hereinafter called the Owner's Tax Counsel), their opinion whether there is a reasonable basis for contesting such proposed adjustment. If the opinion is to the effect that there is such a reasonable basis, the Sublessor shall cause the Owner to contest such proposed adjustment beyond the level of the Internal Revenue Service auditing agent by such administrative proceedings, if any, as may be determined by the Owner in its discretion. Upon the conclusion of such administrative proceedings, if any, the Sublessor shall promptly notify the Sublessee of the final adjustment proposed by the Internal Revenue Service and, upon receipt within 30 days thereafter of a written request to do so from the Sublessee, the Sublessor shall cause the Owner to promptly request the Owner's Tax Counsel for their opinion whether there is a reasonable basis for contesting such final adjustment. If the opinion is to the effect that there is such a reasonable basis for contesting such final adjustment, the Sublessor shall cause the Owner to contest such final adjustment in a court of competent jurisdiction. If the Sublessee requests the Sublessor to cause the Owner to appeal the decision of such a court or of an intermediate appellate court, the Sublessor shall cause the Owner to promptly request the Owner's Tax Counsel for their opinion whether there is a reasonable basis for appealing. If the opinion is to the effect that there is such a reasonable basis for appealing such decision, the Sublessor shall cause the Owner to appeal such decision. The Owner, in its discretion, shall determine the initial and any appellate court and, if the adjustment relates to

an item claimed on a tax return, shall determine whether the proceedings shall be for redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or for refund of taxes paid based on such deficiency. The Owner shall not be required to take any action as set forth in this paragraph unless and until the Sublessor and the Sublessee shall have agreed to indemnify the Owner in a manner satisfactory to the Owner for any liability or loss which the Owner may incur as a result of taking such action and shall have agreed to pay the Owner on demand all out-of-pocket costs and expenses, including without limitation reasonable attorneys' fees and expenses, incurred by the Owner in connection with taking such action. The Sublessor shall not be required to take any action as set forth in this paragraph unless and until the Sublessee shall have agreed to indemnify the Sublessor in a manner satisfactory to the Sublessor for any liability, loss or expense which the Sublessor may incur as a result of taking such action and shall have agreed to pay the Sublessor on demand all out-of-pocket costs and expenses, including without limitation reasonable attorneys' fees and expenses, incurred by the Sublessor in connection with taking such action. In the event that the Owner pays the tax resulting from a proposed adjustment and proceeds to seek a refund thereof, the Sublessee agrees to pay the Owner an amount equal to interest at the rate per annum currently charged by the Internal Revenue Service on deficiencies on the amount of tax in question from the date of payment of such tax to the date of final determination of such adjustment, such amount to be payable in equal installments within each calendar year on the dates on which rental for such period is payable under this Sublease. Upon receipt by the Sublessor from the Owner of a refund of any tax paid by it in respect of which the Sublessee paid an amount equal to interest at the rate provided in the preceding sentence while such tax payment was contested by the Owner, an amount equal to the aggregate amount of such interest shall be paid by the Sublessor to the Sublessee forthwith. Upon completion of the action set forth in this paragraph, the Sublessee's liability with respect to its required indemnity under this Section 21 shall become fixed and determinable.

For purposes of this Section 21, the term "Owner" shall include any affiliated group, within the meaning of section 1504 of the Code, of which the Owner is a member if consolidated returns are filed for such affiliated group for Federal income tax purposes.

If at any time prior to the disposition of a Unit in a taxable transaction, the Owner is required to include in its gross income an amount in respect of any improvement and/or addition to such Unit made by the Sublessee which is not readily removable from such such Unit without causing material damage to such Unit (such improvements or additions being hereinafter called Improvements), then the Sublessee shall pay to the Owner, as an indemnity, such amount or amounts which, after deduction of all Taxes required to be paid by the Owner in respect of the

receipt of such amounts, shall be equal to the sum of the additional Federal, state or local income taxes payable by the Owner from time to time as a result of such Improvement plus the amount of any interest, penalties or additions to tax payable as a result of any such Improvement (less any Federal, state or local tax benefits resulting from payment of any amounts reimbursed hereunder). If as a result of any such Improvement the aggregate Federal, state and local income taxes paid by the Owner for any taxable year shall be less than the amount of such taxes which would have been payable by the Owner had no such Improvement been made, then the Sublessor shall pay the Sublessee (when received by the Sublessor from the Owner) the amount of such savings in taxes plus any additional tax benefits realized by the Owner as a result of such payment; provided, however, that the Sublessor shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments by Sublessee to the Owner pursuant to this paragraph in respect of any Improvement less (y) the amount of all prior payments by the Sublessor to the Sublessee hereunder, and the amount by which such payment would exceed such amount shall reduce pro tanto any subsequent obligation of the Sublessee to make any payments to the Owner pursuant to the first sentence of this paragraph. For purposes of computing any amounts payable to the Owner and any amounts payable to the Sublessee pursuant to this paragraph, the statutory rate of Federal, state or local income tax, as the case may be, shall be used. The amount payable to the Owner pursuant to this paragraph shall be paid within 30 days after receipt of the written demand therefor from the Sublessor (but not prior to payment by the Owner of the additional taxes which become due as a result of the said inclusion) accompanied by a written statement describing in reasonable detail such inclusion and the computation of the amount so payable. Any payment due to the Sublessee from the Sublessor pursuant to this paragraph shall be paid immediately after the Sublessor receives from the Owner the amount that the Owner realized from any such savings in its income taxes or additional tax benefits, as the case may be. The Sublessor agrees to cause the Owner to contest the inclusion in its gross income of any amount with respect to an Improvement to the extent, and under the circumstances, set forth in the ninth paragraph of this Section 21 as if such inclusion were a Loss.

The Sublessee agrees that, within 90 days after the close of any calendar year (or in the event that the Sublessor gives the Sublessee written notice that the Owner's taxable year closes on a date specified therein other than December 31, within 90 days after said date) in which the Sublessee has made Improvements, the Sublessee will give written notice thereof to the Owner, describing such Improvements in reasonable detail and specifying the cost thereof with respect to each Unit.

In the event that any indemnity payments are required to be made by the Sublessee, or in the event the amount of rentals under this Sublease are adjusted, pursuant to any paragraph of

this Section 21, the damages and amounts set forth in Section 10 of this Sublease and the applicable Casualty Values set forth in Section 7 of this Sublease shall be appropriately adjusted by the Owner (but in no event shall the applicable Casualty Values be reduced below the corresponding Fair Values as defined in the Security Document). The adjustments required to be made pursuant to this paragraph shall be made by the Owner and shall be computed using the same method and the same assumptions, including, without limitation, tax rates, as were utilized by the Owner in originally evaluating the Lease except for the assumption that has resulted in such adjustment. In connection therewith, the Sublessor shall cause the Owner to provide the Sublessee with a certificate of an officer of the Owner setting forth in reasonable detail the figures and methods used in making such calculations. In the case of any such adjustments in the damages and amounts set forth in Section 10 of this Sublease and the applicable Casualty Value set forth in Schedule B to this Sublease, if any payment of such damages, amounts or Casualty Values shall have been made by the Sublessee prior to the adjustments made pursuant to this paragraph, (a) the Sublessee shall pay to the Owner the excess amount which would have been payable on the due date of such payment by reason of the adjustments pursuant to this paragraph or (b) the Sublessor shall pay to the Sublessee when received from the Owner the amount of such payments in excess of the amount of such payments which would have been payable by reason of the adjustments pursuant to this paragraph. The Sublessee's and the Sublessor's agreements to pay any sums which may become payable pursuant to this Section 21 shall survive the expiration or other termination of this Sublease and the Lease.

The Sublessee shall have the right, upon demand, to have Thayer, Ringoen & Macdonald, 50 California Street, San Francisco, California 94111, or another independent party selected by the Sublessee and approved by the Owner, which approval shall not be unreasonably withheld, review any calculations made by the Owner pursuant to this Section 21 to determine the consistency of the methods and the assumptions used in such calculations with those used by the Owner in originally evaluating this transaction and the accuracy of such computations based on such methods and assumptions.

The liability of the Sublessee to make indemnification payments pursuant to this Section 21 shall, notwithstanding any expiration or termination of this Sublease, continue to exist until such indemnity payments are made by the Sublessee. All indemnity payments under this Section 21 shall be made directly to the Owner.

The Owner has been supplied with a written opinion of the chief mechanical officer of the Rock Island, to the effect that each Unit has an estimated useful life which will extend to at least June 1, 2004, and an estimated fair market value (without including in such value any increase or decrease for inflation or

deflation, and after subtracting from such value any cost to the Owner-Trustee for removal and delivery of possession of the Equipment to the Owner-Trustee) at December 29, 1998, of at least 20% of the Purchase Price of such Unit.

SECTION 22. Severability; Effect and Modification of Sublease; Third Party Beneficiaries. Any provision of this Sublease 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 jurisidiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Sublease, the Sublease Assignment, the Sublease Reassignment and the Consents exclusively and completely state the rights of the Sublessor and the Sublessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto, between the parties hereto. No variation or modification of this Sublease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Sublessor and the Sublessee and no such variation shall be made without the prior written consent of the Vendor and the Owner-Trustee.

Nothing in this Sublease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Builder, the Owner-Trustee, the Vendor and the permitted successors and assigns of a party, each of which shall be deemed to be a third party beneficiary hereof) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

SECTION 23. Additional Interim Rental; Condition Subsequent. For the initial interim term of this Sublease with respect to each Unit delivered during such term the Sublessee shall pay as additional interim rental on the quarterly rental payment date next succeeding the date such amounts are collected by the Sublessee the following:

> for each day occurring during the initial interim term that such Unit is not located on trackage of the Sublessee, 60% of all per diem, incentive per diem, and mileage charges (net of reclaims), earned by the Sublessee, less the sum of (i) all reasonable costs of repairs incurred by the Sublessee and chargeable to other railroads, for which the Sublessee has not received reimbursement from a delivering railroad or other responsible entity pursuant to AAR Rules and any other applicable rules and regulations, within 90 days of billing such charges (and, following any such deduction from amounts payable to Sublessor as aforesaid, the Sublessee agrees to diligently pursue such claims and

remit any amounts so collected to the Sublessor promptly upon receipt thereof), (ii) 60% of all running repairs made by other railroads during said initial interim term and charged to the Sublessee, (iii) the product of $7.75 and the number of days such Unit is not located on trackage of the Sublessee, and (iv) 60% of reclaims on which per diem, incentive per diem and mileage charges have previously been paid to the Sublessor.

If the amount of the reduction permitted by (i), (ii), (iii) and (iv) of this subparagraph is greater than the amount payable by the Sublessee under this Sublease before such reduction, the Sublessee shall be permitted to apply such excess as an offset against the amount otherwise payable under this Sublease at succeeding rental payment dates until fully applied.

Sublessor shall diligently pursue the obtaining of a final order (i.e., one as to which no appeal has been taken prior to the expiration of the time allowed for appeal) of the court having jurisdiction over the Rock Island Reorganization Proceedings, authorizing relinquishment of the Units to the Sublessor. Notwithstanding any other provision of this Sublease to the contrary, if the Sublessee shall lose possession of any Unit as a result of the Sublessor's failure to obtain such final order, this Sublease shall terminate as to such Unit on the date (the "Return Date") that the Sublessee lost possession. Thereafter, the Sublessee shall have no further obligation under this Sublease for such Unit except the obligation to pay rent accrued to the Sublessee before the Return Date which did not arise as a result of such termination.

SECTION 24. Execution. This Sublease 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 Sublease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 25. Law Governing. The terms of this Sublease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303.

SECTION 26. Agreement for Benefit of the Owner. All rights of the Owner-Trustee hereunder (including, but not limited to, its rights under Sections 6, 7, 9, 10 and 21, and the right to receive the rentals payable under this Sublease) shall inure to the benefit of the Owner and any of the Owner's permitted successors and assigns under the Trust Agreement.

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

GRAND TRUNK WESTERN RAILROAD COMPANY
as Sublessee

By _____
Vice President

Attest:

_____

GREAT AMERICAN MANAGEMENT
SERVICES, INC., as Sublessor

By _____

[CORPORATE SEAL]

Attest:

_____

STATE OF MICHIGAN)
) ss.:
COUNTY OF WAYNE)

On this 14th day of November, 1980, before me personally appeared P.E. Tetro to me personally known, who, being by me duly sworn, says that he is Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and be acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

J. A. Brewer
Notary Public

[NOTARIAL SEAL]

Notary Public, Wayne County, Mich.
My Commission Expires Dec. 16, 1981

My Commission Expires

STATE OF CALIFORNIA)
) ss.:
COUNTY OF SAN FRANCISCO)

On this 3rd day of December, 1980, before me personally appeared David V. Biesemeyer, to me personally known, who, being by me duly sworn, says that he is Vice President of GREAT AMERICAN MANAGEMENT SERVICES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon N. Gamet
Notary Public

[NOTARIAL SEAL]

My Commission Expires

OFFICIAL SEAL
SHARON N. GAMET
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My Commission Expires Mar. 20, 1981

SCHEDULE A

Type	Builder's Specification	Builder's Plant	Quantity	Road Numbers (Inclusive)	Estimated Time of Delivery
100 ton, 52'6" Gondola Car	GN-100-52-221	Chigago Heights, Illinois	150	GTW 147050 to GTW 147199	February 1980 December 1980

Actual Purchase Price: $27,761.32 per unit.

CASUALTY VALUES - 150 GONDOLA CARS

Item I:

CALCULATION DATE	CASUALTY VALUE	CALCULATION DATE	CASUALTY VALUE
1/17/79	87.5309	4/17/89	63.8361
4/17/79	87.5309	7/17/89	62.6692
7/17/79	87.7323	10/17/89	61.4746
10/17/79	87.8799	1/17/90	60.2517
1/17/80	87.9933	4/17/90	58.9999
4/17/80	88.1197	7/17/90	57.7184
7/17/80	88.1684	10/17/90	56.4065
10/17/80	88.1577	1/17/91	55.0635
1/17/81	88.0861	4/17/91	53.6886
4/17/81	87.9747	7/17/91	52.2812
7/17/81	87.7906	10/17/91	50.8403
10/17/81	87.5495	1/17/92	49.3652
1/17/82	87.2500	4/17/92	47.8551
4/17/82	86.9107	7/17/92	46.3091
7/17/82	86.5041	10/17/92	44.7263
10/17/82	86.0432	1/17/93	43.1059
1/17/83	85.5268	4/17/93	41.4471
4/17/83	84.9709	7/17/93	39.7487
7/17/83	84.3534	10/17/93	38.0100
10/17/83	83.6848	1/17/94	36.2298
1/17/84	82.9863	4/17/94	34.4074
4/17/84	82.2707	7/17/94	32.5415
7/17/84	81.5382	10/17/94	30.8852
10/17/84	80.7886	1/17/95	29.2939
1/17/85	80.0215	4/17/95	28.7670
4/17/85	79.2863	7/17/95	28.2421
7/17/85	78.4326	10/17/95	27.7120
10/17/85	77.6101	1/17/96	27.1769
1/17/86	76.7682	4/17/96	26.6295
4/17/86	75.9066	7/17/96	26.0782
7/17/86	75.0246	10/17/96	25.5366
10/17/86	74.1219	1/17/97	24.9932
1/17/87	73.1979	4/17/97	24.4325
4/17/87	72.2521	7/17/97	23.8669
7/17/87	71.2840	10/17/97	23.2900
10/17/87	70.2931	1/17/98	22.6912
1/17/88	69.2788	4/17/98	22.0536
4/17/88	68.2405	7/17/98	21.4103
7/17/88	67.1777	10/17/98	20.7547
10/17/88	66.0898	1/17/99	20.0000
1/17/89	64.9761		

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Item II:

Anniversary of Delivery and Acceptance under the Rock Island Lease	Percentage of Purchase Price
Third	18.7963
Fifth	12.5309
Seventh	6.2654

CERTIFICATE OF ACCEPTANCE

The undersigned (the "Sublessee") hereby certifies that the units of railroad equipment (individually a "Unit" and collectively the "Units") identified on Exhibit A, attached hereto as a part hereof, have been delivered to, and inspected and accepted by, the Sublessee as Units under that certain Sublease of Railroad Equipment (the "Sublease") dated as of May 1, 1978, between the Sublessee and Great American Management Services, Inc., covering up to 150 Gondola Cars. The Sublessee certifies that such Units are in Operable Condition (as defined in the Sublease). Each Unit became, on the date of its delivery to the Sublessee, as specified on Exhibit A, subject to all the terms and conditions of the Sublease. The Sublessee further certifies that each Unit has been marked in accordance with Section 5 of the Sublease and bears the identifying number of the Sublessee specified on Exhibit A. The Rent Date (as defined in the Sublease) for each Unit is also specified on Exhibit A.

Grand Trunk Western Railroad Company

By: [signature]

Printed Name: P.E. TATRO

Title: VP Finance

Date: 3-5-81

Attest: Earl C. Oppertshauser

Printed Name: EARL C. OPPERTSHAUSER

Title: Asst Secretary

Date: 3-5-81

(CORPORATE SEAL)

ACKNOWLEDGMENT

STATE OF MICHIGAN)
: ss.:
COUNTY OF WAYNE)

On this 5th day of March, 1981, before me personally appeared P E Tatro to me personally known, who, being by be duly sworn, says that he/she is Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

J. A. Brewer
Notary Public
J. A. BREWER
Notary Public, Wayne County, Mich.
My Commission Expires Dec. 16, 1981

EXHIBIT A

Previous Identifying Number	Sublessee's Identifying Number	Date Delivered	Rent Date
RI 400050	GTW 147050	3-28-80	4-1-80
051	051	3-31-80	4-4-80
052	052	4-28-80	5-2-80
053	053	4-30-80	5-4-80
055	055	5-21-80	5-25-80
056	056	4-21-80	4-25-80
057	057	5-4-80	5-7-80
058	058	6-18-80	6-22-80
059	059	3-27-80	3-31-80
060	060	4-7-80	4-11-80
061	061	3-28-80	4-1-80
062	062	4-12-80	4-16-80
063	063	5-11-80	5-15-80
064	064	4-17-80	4-21-80
065	065	4-2-80	4-6-80
066	066	4-2-80	4-6-80
067	067	4-16-80	4-20-80
068	068	4-18-80	4-22-80
069	069	6-1-80	6-4-80
070	070	3-31-80	4-4-80
071	071	4-9-80	4-13-80
072	072	4-7-80	4-11-80
073	073	4-12-80	4-16-80
074	074	5-17-80	5-21-80
075	075	5-1-80	5-5-80
076	076	7-30-80	8-3-80
077	077	4-18-80	4-22-80
078	078	5-1-80	5-5-80
079	079	3-31-80	4-4-80
080	080	4-4-80	4-8-80
081	081	3-28-80	4-1-80
082	082	4-19-80	4-23-80
083	083	6-30-80	7-4-80
084	084	4-18-80	4-22-80
085	085	3-30-80	4-3-80
086	086	3-28-80	4-1-80
087	087	4-15-80	4-19-80
088	088	4-9-80	4-13-80
089	089	3-24-80	3-29-80
090	090	3-28-80	4-1-80
091	091	6-21-80	6-25-80
092	092	3-31-80	4-4-80
093	093	4-12-80	4-16-80
094	094	3-30-80	4-3-80
095	095	8-21-80	8-25-80
096	096	4-21-80	4-25-80
097	097	3-29-80	4-2-80
098	098	3-28-80	4-1-80
099	099	5-30-80	6-3-80

EXHIBIT A

Previous Identifying Number	Sublessee's Identifying Number	Date Delivered	Rent Date
RI 400200	GTW 147100	3-21-80	4-4-80
* 202	102	3-31-80	4-4-80
203	103	3-27-80	3-31-80
204	104	4-7-80	4-11-80
205	105	3-31-80	4-4-80
206	106	5-5-80	5-9-80
207	107	4-18-80	4-22-80
208	108	3-31-80	4-4-80
209	109	5-4-80	5-8-80
210	110	3-27-80	3-31-80
213	113	4-14-80	4-18-80
214	114	4-15-80	4-18-80
215	115	4-19-80	4-23-80
216	116	8-6-80	8-10-80
217	117	3-31-80	4-4-80
218	118	4-26-80	4-30-80
219	119	5-8-80	5-12-80
220	120	6-29-80	7-3-80
** 221	121	3-26-80	3-30-80
223	123	3-28-80	4-1-80
224	124	4-24-80	4-27-80
225	125	4-19-80	4-23-80
226	126	4-19-80	4-23-80
227	127	4-18-80	4-22-80
228	128	3-28-80	4-1-80
229	129	9-28-80	10-2-80
230	130	9-30-80	10-4-80
231	131	6-1-80	6-4-80
232	132	5-30-80	6-3-80
233	133	3-31-80	4-4-80
234	134	4-13-80	4-17-80
235	135	3-26-80	3-31-80
236	136	5-11-80	5-14-80
237	137	5-17-80	5-21-80
238	138	4-18-80	4-22-80
239	139	3-30-80	4-3-80
240	140	4-16-80	4-20-80
241	141	5-1-80	5-5-80
242	142	3-31-80	4-4-80
243	143	4-18-80	4-22-80
244	144	6-27-80	7-1-80
245	145	4-4-80	4-8-80
246	146	4-30-80	5-2-80
247	147	3-28-80	4-1-80
248	148	4-17-80	4-21-80
249	149	3-30-80	4-3-80
250	150	3-30-80	4-3-80
**222	122	3-28-80	4-1-80
* 201	101	1-28-81	1-31-81

EXHIBIT A

Previous Identifying Number	Sublessee's Identifying Number	Date Delivered	Rent Date
RI 400251	GTW 147151	4-19-80	4-23-80
252	152	3-31-80	4-4-80
253	153	4-19-80	4-23-80
254	154	4-2-80	4-6-80
255	155	3-31-80	4-4-80
256	156	4-14-80	4-18-80
257	157	3-28-80	4-1-80
258	158	3-31-80	4-4-80
259	159	9-30-80	10-4-80
260	160	3-27-80	3-31-80
261	161	4-19-80	4-23-80
262	162	4-4-80	4-8-80
263	163	3-27-80	3-31-80
264	164	7-7-80	7-11-80
265	165	4-7-80	4-11-80
266	166	4-30-80	5-4-80
267	167	5-17-80	5-21-80
268	168	4-16-80	4-20-80
269	169	4-10-80	4-14-80
270	170	4-11-80	4-15-80
271	171	3-22-80	3-29-80
272	172	10-3-80	10-7-80
273	173	3-27-80	3-31-80
275	175	3-27-80	3-31-80
276	176	6-23-80	6-27-80
277	177	9-28-80	10-2-80
278	178	4-9-80	4-13-80
279	179	3-29-80	4-2-80
280	180	4-14-80	4-18-80
281	181	3-31-80	4-4-80
282	182	3-26-80	3-30-80
283	183	5-16-80	5-19-80
284	184	8-21-80	8-25-80
286	186	4-16-80	4-20-80
287	187	4-8-80	4-12-80
288	188	4-10-80	4-14-80
289	189	5-1-80	5-5-80
290	190	4-13-80	4-17-80
291	191	5-7-80	5-11-80
292	192	4-18-80	4-22-80
293	193	5-21-80	5-24-80
294	194	3-31-80	4-4-80
295	195	5-16-80	5-19-80
296	196	3-28-80	4-1-80
297	197	3-30-80	4-3-80
298	198	3-30-80	4-3-80
299	199	3-28-80	4-1-80
274	174	11-1-80	11-5-80