

RECORDATION NO. 1 5137 Filed & Recorded

DEC 23 1986 3-50 PM

LAURANCE V. GOODRICH
INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA
NEW YORK, N. Y. 10005

ICC OFFICE OF THE SECRETARY
TELEPHONE 212 422-3000
DEC 23 3 42 PM '86
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WUD 125547
WUI 620976
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RECORDATION NO. 1 5137 Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

No. 6-357A085

Date DEC 23 1986

Fee \$ 20.00

RECORDATION NO. 1 5137 Filed & Recorded
ICC Washington, D.C.

DEC 23 1986 3-50 PM

INTERSTATE COMMERCE COMMISSION

MOTOR OPERATOR
RECORDATION NO. 1 5137

DEC 23 1986 3-50 PM

INTERSTATE COMMERCE COMMISSION

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CRAVATH, SWAINE & MOORE
2 JONNY LANE, CHEAPSIDE
LONDON EC4A 3BT, ENGLAND
TELEPHONE: 1-606-1421
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For Mrs Lee

620 filing fee

December 22, 1986

Trailer Train Company
Lease Financing Dated as of December 1, 1986
8.85% Conditional Sale Indebtedness Due January 2, 1997

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Trailer Train Company, for filing and recordation, counterparts of each of the following documents:

1. (a) Conditional Sale Agreement dated as of December 1, 1986, between Trailer Train Company, as Seller, and Westinghouse Credit Corporation, as Owner; and

(b) Agreement and Assignment dated as of December 1, 1986, between Trailer Train Company, as Seller, and Mercantile-Safe Deposit and Trust Company, as Agent.

2. (a) Lease of Railroad Equipment dated as of December 1, 1986, between Trailer Train Company, as Lessee, and Westinghouse Credit Corporation, as Owner; and

(b) Assignment of Lease and Agreement dated as of December 1, 1986, between Westinghouse Credit Corporation, as Owner, and Mercantile-Safe Deposit and Trust Company, as Agent.

New Number

- A

- B

- C

[Signature] — *Isabel*

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

1. Agent:

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

2. Owner:

Westinghouse Credit Corporation
1 Oxford Centre,
Pittsburgh, Pennsylvania 15219

3. Seller-Lessee:

Trailer Train Company
101 North Wacker Drive
Chicago, Illinois 60606

Please file and record the documents referred to
in this letter and index them under the names of the Agent,
the Owner and the Seller-Lessee.

The equipment covered by the aforementioned
documents is listed on Exhibit A attached hereto.

The equipment bears the legend "Ownership Subject
to a Security Agreement Filed with The Interstate Commerce
Commission".

There is also enclosed a check for \$20 payable to
the Interstate Commerce Commission, representing the fee for
recording the Conditional Sale Agreement and related Agree-
ment and Assignment (together constituting one document),
and the Lease of Railroad Equipment and related Assignment
of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments and this transmittal letter for your files. It is requested that the remaining counterparts of the documents be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
as Agent for Trailer Train
Company

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

Annex B to Conditional Sale Agreement

Type	Builder's Specifications	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time of Delivery
Gunderson, Inc.:						
Five-Unit Container Well Cars	T-4085-F	20	\$173,485.00	\$3,469,700.00	63179-63198	Feb.-Mar. 1986
	T-4085-F	2	\$169,585.00	\$339,170.00	63199-63200	May, 1986
	T-4086-F	35	\$165,685.00	\$5,798,975.00	63201-63235	July-Aug. 1986
	T-4086-F	30	\$169,585.00	\$5,087,550.00	63236-63265	Oct.-Nov. 1986
Trinity Industries, Inc.:						
Five-Unit Container Well Cars	T-4085-P	5	\$127,375.00	\$636,875.00	64000-64004	Sept.-Oct., 1986
Thrall Car Manufacturing Co.:						
Five-Unit Container Well Cars	T-1285-T	20	\$144,136.00	\$2,882,720.00	62140-62159	Feb., 1986
	T-5085-T	20	143,530.07	2,870,601.40	62160-62179	May-June, 1986
	T-5085-T	20	147,250.07	2,945,001.40	62180-62199	April-May, 1986
	T-3085-T	40	149,290.07	5,971,602.80	62200-62239	June-July, 1986
	T-5085-T	10	147,380.07	1,473,800.70	62240-62249	May-June, 1986
	T-5085-T	10	145,280.07	1,452,800.70	62250-62259	June, 1986
	T-4086-T	3	147,380.03	442,140.09	62260-62262	June, 1986
	T-4086-T	25	146,230.07	3,655,751.75	62263-62287	August, 1986
	T-4086-T	96	149,090.07	14,312,646.71	62288-62383	Aug.-Sept., 1986
	T-4086-T	16	145,775.67	2,332,410.72	62384-62399	Oct. 1986
	T-4086-T	44	149,585.67	6,581,769.48	62400-62443	Oct.-Nov., 1986
	T-4086-T	20	147,985.00	2,959,700.00	62444-62463	Dec. 1986
		<u>416</u>		<u>\$63,213,215.75</u>		

Interstate Commerce Commission
Washington, D.C. 20423

12/24/86

OFFICE OF THE SECRETARY

Laurance V. Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/23/86 at 3:50pm, and assigned re-
recording number(s). 15137, 15137-A, 15137-B & 15137-C

Sincerely yours,

Noreta K. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 1 5137 Filed & Recorded

DEC 23 1986 3-5 0 Pm

INTERSTATE COMMERCE COMMISSION

[CS&M Ref: 2164-359]

CONDITIONAL SALE AGREEMENT

Dated as of December 1, 1986

between

WESTINGHOUSE CREDIT CORPORATION

and

TRAILER TRAIN COMPANY

Conditional Sale Agreement

TABLE OF CONTENTS*

	<u>Page</u>
ARTICLE 1.	Assignment; Definitions 1
ARTICLE 2.	Construction and Sale 2
ARTICLE 3.	Inspection and Delivery 2
ARTICLE 4.	Purchase Price and Payment 5
ARTICLE 5.	Security Interest in the Equipment..... 9
ARTICLE 6.	Taxes 10
ARTICLE 7.	Maintenance; Casualty Occurrences 12
ARTICLE 8.	Reports and Inspections 14
ARTICLE 9.	Marking of Trust Equipment 15
ARTICLE 10.	Compliance with Laws and Rules 15
ARTICLE 11.	Possession of Equipment 16
ARTICLE 12.	Discharge of Liens 16
ARTICLE 13.	Indemnity 17
ARTICLE 14.	Assignments 19
ARTICLE 15.	Defaults 22
ARTICLE 16.	Remedies 24
ARTICLE 17.	Applicable State Laws 29
ARTICLE 18.	Recording 29
ARTICLE 19.	Article Headings; Effect and Modification of Agreement 30
ARTICLE 20.	Notice 30
ARTICLE 21.	Immunities, Satisfaction of Undertakings 31
ARTICLE 22.	Law Governing 32
ARTICLE 23.	Execution 32
SCHEDULE I	Allocation Schedule of CSA Indebtedness
ANNEX A	Builder's Warranties
ANNEX B	Specifications
ANNEX C	Lease of Railroad Equipment
ANNEX D	Assignment of Lease and Agreement

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

CONDITIONAL SALE AGREEMENT dated as of December 1, 1986, between WESTINGHOUSE CREDIT CORPORATION, a Delaware corporation ("Owner"), and TRAILER TRAIN COMPANY, a Delaware corporation (in such capacity, "Seller" or "Vendor", as the context may require, all as more particularly set forth in Article I hereof).

WHEREAS the Seller agrees to sell and deliver to the Owner, and the Owner agrees to purchase, the railroad equipment described in Annex B hereto which is delivered and accepted hereunder ("Equipment");

WHEREAS the Owner is entering into a lease with Trailer Train Company (in such capacity, "Lessee") in substantially the form annexed hereto as Annex C ("Lease"); and

WHEREAS Mercantile-Safe Deposit and Trust Company ("Assignee" or "Vendor") is acting as agent for certain investors ("Investors") pursuant to the Participation Agreement dated as of the date hereof ("Participation Agreement"), among the Assignee, the Lessee, the Owner and the Investors;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE I

Assignment; Definitions

The parties hereto contemplate that the Owner will furnish that portion of the Purchase Price (as defined in Article IV hereof) of the Equipment as is required under subparagraph (a) of the third paragraph of Article IV hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Seller by the Assignee pursuant to an Agreement and Assignment ("CSA Assignment") dated as of the date hereof between the Seller and the Assignee, as agent.

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder,

the Seller, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights; and the term "Seller", whenever used in this Agreement, means, both before and after any such assignment, the Seller.

In case of such assignment, the Owner will assign to the Vendor, as security for the payment and performance of all the Owner's obligations hereunder, substantially all right, title and interest of the Owner in and to the Lease pursuant to an Assignment of Lease and Agreement in substantially the form of Annex D hereto ("Lease Assignment") and the Lessee shall consent thereto pursuant to a Consent and Agreement in substantially the form attached to Annex D ("Consent").

ARTICLE II

Construction and Sale

Pursuant to this Agreement, the Seller shall sell and deliver the Equipment to the Owner, and the Owner will purchase from the Seller and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Seller, the Owner and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, required by the Association of American Railroads reasonably interpreted as then being applicable to each such unit of Equipment.

ARTICLE III

Inspection and Delivery

The Seller will deliver the units of Equipment to the Owner at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Owner), freight, if any, prepaid, in accordance with the delivery

schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and provided further, that the Seller shall have no obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (e) of Article XV hereof or the occurrence of any event of default (as described in Article XV hereof), or any event which, with the lapse of time and/or demand, could constitute such an event of default. The Seller agrees not to deliver any unit of its Equipment hereunder (a) until it receives notice from the Assignee and the Owner, respectively, that the conditions contained in Paragraphs 6 and 7, respectively, of the Participation Agreement have been met, (b) following receipt of written notice from the Owner or the Assignee of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, until such time as such written notice may be canceled by a further written notice, or (c) following receipt of written notice from the Owner or the Assignee of its determination that there has been since September 30, 1986, a material adverse change in the assets, liabilities, business or condition (financial or otherwise) (other than the dividend described in Paragraph 3(j) of the Participation Agreement) of the Lessee until such time as such written notice may be canceled by a further written notice.

Notwithstanding the next succeeding paragraph, any Equipment not delivered as a result of the first paragraph of this Article III, and any Equipment not delivered and accepted hereunder on or prior to December 31, 1986, by reason of failure of condition as provided in the next preceding paragraph or causes set forth in the next succeeding paragraph or otherwise, shall be excluded from this Agreement, and the Owner shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom.

The Seller's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond the Seller's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion,

damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors. The occurrence of any of the foregoing shall not extend the final date for the delivery and acceptance of any Equipment as specified above.

The Equipment shall be subject to inspection and approval by the authorized inspectors of the Owner (who may be employees of the Lessee) and the Seller shall grant to such authorized inspectors reasonable access to the Equipment. The Seller will inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Seller. Each unit shall be presented to an inspector of the Owner for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Owner (who may be an employee of the Lessee) shall execute and deliver to the Seller a certificate of acceptance ("Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Owner and are marked in accordance with Article IX hereof; provided, however, that the Seller shall not thereby be relieved of its warranties referred to in Article XIII hereof.

On delivery and acceptance as aforesaid of each such unit of its Equipment at the place specified for delivery, the Seller, solely in its capacity as seller of the Equipment, shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Seller shall not thereby be relieved of its warranties referred to in Article XIII hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Owner of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article IV hereof shall be ineffective, ab initio, to create in or transfer to the Owner any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article IV hereof) to impose on the Owner any liability, obligation or responsibility with respect thereto.

ARTICLE IV

Purchase Price and Payment

The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Seller, the Owner and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the Seller's invoice or invoices delivered to the Owner (which shall not include any applicable freight charges and sales taxes) and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Owner (such invoice or invoices being hereinafter called "Invoices"). If on the date of delivery and acceptance of any unit or units of Equipment hereunder, the aggregate Purchase Price of such unit or units and all units theretofore delivered and accepted hereunder would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Owner may at its option agree to prior to delivery of any unit or units of such Equipment that, but for such agreement, would be excluded from this Agreement), the Seller (and any assignee of the Seller) and the Owner will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Owner, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than such Maximum Purchase Price (or such higher amount as aforesaid) and the Owner shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Seller or the Lessee for the purpose of acknowledging and perfecting the respective interests of the Seller and the Lessee in any unit of Equipment so excluded, and the Owner shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of Equipment delivered to and accepted by the Owner as is provided in Item 2 of Annex A hereto (each such group being hereinafter called "Group"). The term "Closing Date" with respect to any Group shall mean such date (not earlier than December 22, 1986, and not later than December 31, 1986, such later date being herein called the "Cut-Off Date"), occurring not more than five business days

following presentation by the Seller to the Owner of the Invoices and of the Certificate or Certificates of Acceptance for such Equipment and written notice thereof by the Seller to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Owner and the Assignee at least four business days prior to the Closing Date designated therein. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, New York, New York, or the city and state in which the Owner maintains its principal place of business are authorized or obligated to remain closed. The closing on each Closing Date shall take place at the offices of Cravath, Swaine & Moore, New York, New York.

The Owner hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby agrees to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 20% of the aggregate Purchase Price of such Group plus (ii) if the Owner exercises its option pursuant to the first paragraph of this Article IV, the amount, if any, by which (x) 80% of the Purchase Price of the Equipment for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 5 of Annex A and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this clause (ii); and

(b) in 10 annual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph ("CSA Indebtedness") shall be payable on each January 2 commencing January 2, 1988, to and including January 2, 1997 (or if any such date is not a business day, on the next succeeding business day). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of

which such indebtedness was incurred at the rate of 8.85% per annum. Such interest shall be payable, to the extent accrued, on July 2, 1987, and on each July 2 and January 2 to and including January 2, 1997. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such installments of principal will completely amortize the remaining CSA Indebtedness. The Owner will furnish to the Vendor and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months except that interest payable on the first interest payment date hereunder shall be calculated on the basis of a 365-day year.

The Owner will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid in respect of the Equipment after the same shall have become due and payable pursuant to the terms hereof at a rate 1% higher than the rate applicable to timely payments.

All payments provided for in this Agreement shall be made in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. If any date for a payment hereunder is not a business day, the payment otherwise payable on such date shall then be payable on the following business day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such following business day. Except as provided in Article VII hereof, the Owner shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

Notwithstanding any other provisions of this Agreement, including, without limitation, Articles XV and XVI hereof but without limiting the effect of Article XXI hereof, it is understood and agreed by the Vendor that the liability of the Owner for all payments to be made by it under and pursuant to this Agreement in respect of the Equipment and for all performance obligations (other than

the payments called for by the last sentence of the last paragraph of Paragraph 8 of the Participation Agreement and by subparagraph (a) of the third paragraph of this Article and as provided in the proviso to the last paragraph of Article XII hereof) in respect of the Equipment, shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if an event of default shall have occurred under Article XV hereof and while it shall be continuing so much of the following amounts as are indefeasibly received by the Owner (or any assignee of the Owner) at any time after any such event of default and during the continuance thereof: (a) all amounts of rental payable pursuant to the Lease and all amounts in respect of Casualty Occurrences paid for or with respect to the Equipment pursuant to the Lease and (b) any and all other payments or proceeds received pursuant to the Lease (except sums which by the express terms of the Lease are payable directly to the Owner pursuant to §§ 6, 9 and 19 of the Lease) or for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Owner pursuant to the Lease as are indefeasibly received by the Owner or any assignee of the Owner and as shall equal the portion of the CSA Indebtedness due and payable on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences as defined in Article VII hereof) then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Owner or any assignee of the Owner prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness and/or interest thereon due and payable by the Owner on the date on which amounts received by the Owner or any assignee of the Owner were required to be paid pursuant to the Lease or which exceeded any other payments including payments in respect of Casualty Occurrences due and payable under this Agreement at the time such amounts were payable under the Lease. The Vendor agrees that if it obtains a judgment against the Owner for an amount in excess of the amounts payable by the Owner pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount (and, if legally

permitted, will cause the docket to reflect the limitations on its right to execute under such judgment), it will not bring suit against the Owner for any sums in addition to the amounts payable by the Owner pursuant to said limitations (or obtain a judgment, order or decree against the Owner for any relief other than the payment of money) except as may be required by applicable rules of procedure to enforce against the Equipment, the Lessee and the Lease (rather than against the Owner), by appropriate proceedings against the Owner at law or in equity or otherwise, the obligation to make the payments to be made pursuant to this Agreement or any other payments or performance obligations due to the Vendor under this Agreement and it will not seek any deficiency judgment after completion of execution. Nothing contained herein limiting the liability of the Owner shall derogate from the right of the Vendor to proceed against the Equipment or the Lessee as provided for herein or in the Lease or the Consent for the full unpaid Purchase Price of the Equipment and interest thereon and any and all other payments and obligations under this Agreement.

ARTICLE V

Security Interest in the Equipment

The Vendor shall and hereby does retain a security interest in the Equipment until the Owner shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Owner and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Owner and the Lessee as provided in this Agreement and the Lease; it being understood that, subject thereto, title to the Equipment (upon delivery and acceptance thereof) shall pass to and remain in the Owner. Accordingly, after all payments due or to become due hereunder in respect of the Equipment shall have been completed and fully made to or for the account of the Vendor, and the Owner shall have performed all its other obligations hereunder (without regard to the provisions of the last paragraph of Article IV hereof or Article XXI hereof), (a) such payments shall be deemed to represent the discharge in full of the Vendor's security interest in the Equipment at such time, (b) any moneys remaining in the hands of the Vendor after providing for all outstanding amounts due and payable hereunder shall be paid to the Owner, and (c) the Vendor shall execute for record in public offices such instrument or instruments in writing as

shall be reasonably requested by the Owner in order to discharge of record the security interest of the Vendor in, and to make clear upon public records the Owner's full title to, the units of the Equipment under the laws of any jurisdiction; provided, however, that until that time a security interest in the Equipment shall be and remain in the Vendor, notwithstanding the possession and use thereof by the Owner pursuant to the terms of this Agreement.

The Owner hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificates within a reasonable time after written demand by the Owner.

The term "Equipment" as used in this Agreement shall not include any special devices, racks (including, but not limited to, automobile-carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Owner. The Owner and the Vendor recognize that such special devices, automobile-carrying superstructures and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Owner or the Lessee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, automobile-carrying superstructures and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Owner, the Vendor and the Lessee, remove such special devices, automobile-carrying superstructures and other assemblies from the Equipment.

ARTICLE VI

Taxes

Whether or not any of the transactions contemplated hereby are consummated, the Owner agrees to pay, and to indemnify and hold the Vendor harmless from, all Taxes (as defined in § 6 of the Lease) excluding, however:

- (i) Taxes of the United States or of any state or political

subdivision thereof and of any foreign country or of any subdivision thereof, imposed on or measured solely by the net income (including, without limitation, alternative minimum taxes and taxes measured by tax preference items) or excess profits of the Vendor, or on or measured by capital stock value or net worth of the Vendor, in the case of franchise or doing business taxes other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement;

(ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; (iii) Taxes which are imposed on or measured solely by the net income of 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 Owner has not agreed to pay or indemnify against pursuant to this Article VI; and (iv) any taxes imposed on the Vendor resulting from the gross negligence or willful misconduct of the Vendor in connection with the performance of, or failure to perform, any requirement imposed on it under any provision of any of the Documents or with respect to any return otherwise required to be filed by the Vendor without regard to the transactions contemplated by the Documents, in connection with the preparation or filing of tax returns, the payment of its taxes or the conduct of any proceeding in respect thereof, but only to the extent not attributable to the failure of the Owner to notify the Vendor of its obligations to prepare and file returns, reports or statements in respect of Taxes indemnified pursuant to this section or to provide any information necessary for the preparation or filing of such returns, reports or statements or the conduct of such proceedings or to otherwise perform its duties and responsibilities pursuant to the Documents including, without limitation, the obligation to make payments hereunder; provided, however, that the Owner shall not be required to pay any Taxes during the period the Owner or the Lessee may be contesting the same in the manner provided in the next paragraph.

If claim is made against the Vendor for any Taxes indemnified against under this Article VI, the Vendor shall promptly notify the Owner. If reasonably requested by the Owner in writing, the Vendor shall, upon receipt of any 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 Owner 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 Owner may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Vendor; provided, however, that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Vendor in any such proceeding or action) without the prior written consent of the Vendor. If the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Owner in connection with any such contest or an amount representing interest thereon, the Vendor shall pay the Owner the amount of such refund or interest net of expenses; provided, however, that no event of default set forth in Article XV hereof and no event which with notice or lapse of time or both would constitute such 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 Owner under this Article VI or arising out of this Article VI, the Owner shall either make such report or return in such manner as will show the interest of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Owner.

The Owner may delegate its rights and obligations hereunder to the Lessee pursuant to the Lease.

All of the obligations of the Owner under this Article VI shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement, but only with respect to periods included in the term of this Agreement.

ARTICLE VII

Maintenance; Casualty Occurrences

The Owner shall, at its own cost and expense, maintain and keep each unit of the Equipment (including any Parts installed on or replacements made to any unit and considered an accession thereto as provided in § 9 of the

Lease) in good operating order, repair and condition, ordinary wear and tear excepted.

In the event that any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7 of the Lease) during the term of this Agreement, the Owner shall, promptly after it shall have received notice from the Lessee or otherwise been informed that such unit has suffered a Casualty Occurrence cause the Vendor to be fully informed in regard thereto. On the Casualty Payment Date (as defined in § 7 of the Lease) next succeeding such notice or information, the Owner shall, subject to the limitations contained in the last paragraph of Article IV hereof, pay to the Vendor an amount equal to the Fair Value, as hereinafter defined, of such unit suffering a Casualty Occurrences as of such Casualty Payment Date. On the Casualty Payment Date, the Owner shall file, or cause to be filed, with the Vendor a certificate setting forth the Fair Value of such unit and the method of determination thereof.

Upon payment by the Owner to the Vendor of the Fair Value of any unit of the Equipment having suffered a Casualty Occurrence, the security interest of the Vendor in such unit shall terminate without further transfer or action on the part of the Vendor, except that Vendor, if requested by the Owner, will execute and deliver, to the Owner, at the expense of the Owner, an appropriate instrument confirming such termination to the Owner, in recordable form, in order that the Owner may make clear upon the public records the full title of the Owner to such unit.

Any insurance proceeds or condemnation payments received and retained by the Vendor in respect of units of Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Owner to the Vendor in respect of Casualty Occurrences pursuant to this Article. If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Owner shall have made payments pursuant to this Article without deduction for such insurance proceeds or condemnation payments, in excess of the Fair Value (after taking into account payments by the Owner under this Article) of such units, the Vendor shall, provided no event of default hereunder shall have occurred and be continuing, promptly pay such insurance proceeds or condemnation payments to the Owner. All insurance proceeds or condemnation payments or such excess received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Owner

upon proof satisfactory to the Vendor that the damage to such unit or units in respect of which such proceeds were paid has been repaired, provided no event of default hereunder shall have occurred and be continuing.

Any money paid to the Vendor pursuant to this Article shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Owner will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as they may request. In the event of the requisition for use by the United States Government of any unit of Equipment not constituting a Casualty Occurrence, all of the Owner's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

The "Fair Value" of any unit of Equipment on any date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the CSA Indebtedness outstanding on such date (after giving effect to any payment in respect thereof due on such date pursuant to Article IV hereof) by a fraction of which the numerator shall be the Purchase Price of such unit and the denominator shall be the Purchase Price of all units (including such unit) of Equipment subject to this Agreement on such date.

The Owner shall at all times while this CSA is in effect maintain or cause to be maintained, at its own expense, the insurance described in the last two paragraphs of § 7 of the Lease.

ARTICLE VIII

Reports and Inspections

The Owner agrees to furnish to the Vendor, on or before May 1 in each year, commencing with the calendar year 1987, an accurate statement to the effect set forth in § 8 of the Lease. The Vendor shall have the right by its agents to inspect the Equipment and the records of the Owner with respect thereto at such reasonable times as the Vendor may request.

ARTICLE IX

Marking of Trust Equipment

The Owner agrees that it will cause each unit of Equipment to be kept numbered and marked as provided in § 5 of Lease.

The Owner will not place or permit any unit of Equipment to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or cause to be replaced promptly any such markings which may be removed, defaced, obliterated or destroyed. The Owner shall not change, or permit to be changed, the identifying numbers to be substituted therefor, except upon compliance with the condition of Section 5 of the Lease.

Except as above provided, the Owner will not allow the name of any person to be placed on the units of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Owner may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the user of such Equipment or its affiliates.

ARTICLE X

Compliance with Laws and Rules

During the term of this Agreement, the Owner will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitations, with respect to the use, maintenance and operation of the Equipment) with all Applicable Laws (as defined in § 9 of the Lease) and in the event that such Applicable Laws require any alteration, replacement, addition or modification of or to any part of any unit of the Equipment, the Owner will, or will cause the Lessee to, conform therewith at no expense to the Vendor; provided, however, that the Owner or the Lessee may, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE XI

Possession of Equipment

So long as no event of default has occurred and is continuing hereunder, the Owner shall be entitled to the possession and use of the Equipment and also to enter into the Lease and to permit the use of the Equipment as provided in the Lease.

The Owner hereby agrees that the Lease, and the rights of the Owner to receive rentals and other payments due and to become due thereunder (except for payments payable directly to the Owner pursuant §§ 6, 9 and 19 of the Lease), shall be subject and subordinate to this Agreement and to the rights of the Vendor hereunder and under the Consent.

ARTICLE XII

Discharge of Liens

The Owner will pay or discharge any and all sums claimed by any party from, through or under the Owner, or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the "income and proceeds from the Equipment" (as defined in Article IV hereof), and will promptly discharge any such lien, charge or security interest 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 the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the interest of the Vendor in the Equipment, its interest in the income and proceeds from the Equipment, or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The obligations of the Owner under this Article are subject to the limitations contained in the last paragraph of Article IV and in Article XXI hereof; provided, however, that the Owner will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Owner, not arising out of the transactions contemplated hereby (but including all income taxes arising out of the receipt of rentals and other payments under the Lease or the Participation Agreement any other proceeds from the Equipment), which, if unpaid, (i) might become a lien, charge or security interest on or with respect to any unit of the Equipment, or the Owner's interest in the Lease and the payments to be made thereunder or (ii) would result in the bankruptcy or reorganization of the Owner; 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 the nonpayment thereof does not, in the reasonable opinion of the Vendor, materially adversely affect the security interest of the Vendor in the Equipment, its interest in the income and proceeds from the Equipment, or otherwise under this Agreement.

ARTICLE XIII

Indemnity

The Owner shall pay, and shall protect, indemnify and hold the Vendor, any assignee thereof and their respective successors, assigns, principals, agents and servants ("Indemnified Persons"), harmless from and against any and all Indemnified Matters (as defined in § 9 of the Lease) except, however, in the case of the Seller, (i) any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Seller or out of any breach of warranty or failure to perform any covenant hereunder by the Seller and (ii) any matter covered by the manufacturers' warranties of material workmanship and patent indemnification referred to in Item 3 of Annex A hereto. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Owner may and, upon such Indemnified Person's request will, at the Owner's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Owner and approved by such Indemnified Person and, in the event of any failure by the Owner to do so, the Owner shall pay all costs and

expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Owner is required to make any payment under this Article, the Owner shall pay 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), shall be equal to the amount of such payment. The Vendor and the Owner each agree 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 any indemnities as contained in this Article by the Owner, and provided that no event of default set forth in Article XV hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, it 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 other than the Owner or the Lessee as a result of any indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Owner to the extent necessary to reimburse the Owner for indemnification payments previously made in respect of such matter.

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

The Owner will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

The Seller represents and warrants to the Owner and the Assignee that, at the time of delivery and

acceptance of each unit of the Equipment under this Agreement, the Seller will have good and marketable title to such unit, free and clear of all claims, liens, security interests, and other encumbrances of any nature except only the rights created by this Agreement, the CSA Assignment, the Lease and the Lease Assignment.

The Seller represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the manufacturers' warranties of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Annex A hereto.

ARTICLE XIV

Assignments

The Owner will not (a) transfer the right to possession of any unit of Equipment except as provided in Article XI hereof or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement or the Lease except that not less than 50% of the Owner's right, title and interest in and to this Agreement and the Lease may be assigned, conveyed or transferred to (a) any bank, savings institution or trust company having a combined capital and surplus of at least \$100,000,000, (b) any corporation having a net worth of at least \$50,000,000, (c) any transferee listed in clause (a) or (b) which itself does not meet the financial test of clause (a) or (b) but which has an affiliate which does meet such financial test at the time of such transfer and which affiliate shall have executed and delivered a written guarantee pursuant to which such affiliate shall have absolutely and unconditionally guaranteed the performance of all obligations of the transferee under this Agreement, the Lease, the Lease Assignment and the Participation Agreement, or (d) any corporation owning at the time substantially all of the capital stock of the Owner or any corporation or other entity controlled by either thereof; provided, however, that if the Owner does sell, assign, convey, transfer or otherwise dispose any of its

right, title and interest under this Agreement and the Lease to any transferee hereunder, the Owner shall remain obligated under this Agreement and the Lease and the Owner shall unconditionally guarantee all payments or other obligations of the transferee under this Agreement, the Lease, the Lease Assignment, and the Participation Agreement. No such assignment, conveyance or transfer shall violate any provision of law or regulation or create a relationship which would be in violation thereof. Upon any such disposition by the Owner to the transferee as above provided, such transferee shall be deemed an "Owner" for all purposes of this Agreement, the Lease, the Lease Assignment and the Participation Agreement, and shall be deemed to have made all the payments previously made by the Owner making such assignment, conveyance or transfer; and each reference herein to the Owner shall thereafter be deemed a reference to such transferee; provided, however, that the Owner shall not be permitted to make a second assignment hereunder of less than all of its then right, title and interest under this Agreement and the Lease and any such successor Owner shall not be permitted to make any assignment hereunder, unless the Lessee and the Agent agree and then only to a transferee which shall have been approved in advance by the Lessee and the Agent.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Owner, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time; provided, however, that if no event of default or Event of Default or any event which with lapse of time or notice or both would constitute such an event of default or Event of Default hereunder or under the Lease, as the case may be, has occurred and is continuing, the Vendor may only make such an assignment to the Assignee or to a domestic bank, trust company or other lending institution with a combined capital and surplus of not less than \$50,000,000. No such assignment shall subject any assignee to, or relieve the Seller from, any of the obligations of the Seller to deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article XIII hereof, or relieve the Owner of its respective obligations to the Seller contained in Articles II, III, IV, VI, and XIII hereof, Annex A hereto and this Article XIV, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, the assignor shall give written notice to the Owner and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Owner of the notification of any such assignment, all payments thereafter to be made by the Owner under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Owner recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Owner expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Seller with respect to the Equipment of the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Seller with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Owner or the Lessee by the Seller. Any and all such obligations, however arising, shall be and remain enforceable by the Owner or the Lessee, as the case may be, against and only against the Seller.

ARTICLE XV

Defaults

In the event that any one or more of the following events of default shall occur to wit:

(a) the Owner shall, without regard to any limitation of liability contained in Article IV or XXI hereof, default in the payment of the principal of or interest on the CSA Indebtedness or in the payment in respect of a Casualty Occurrence under Article VII hereof, and such default shall continue for more than 10 days after the same shall become due, or

(b) the Owner shall, without regard to any limitation of liability contained in Article IV or XXI hereof, fail or refuse to comply with any other of the terms and covenants of this Agreement or the Lease Assignment on its part to be kept and performed (except as provided in clause (d) of this Article), or to make provision satisfactory to the Vendor for such compliance, and such noncompliance shall continue for more than 30 days after the Vendor shall have demanded in writing performance thereof, or

(c) the Owner, except as herein authorized or contemplated, shall make or suffer any unauthorized transfer or sublease (including, for the purpose of this clause, contracts for the use thereof) of any unit of Equipment and shall fail or refuse either (i) to cause such transfer or sublease to be cancelled by agreement of all parties having any interest therein or recover possession of such unit of Equipment, as the case may be, within 30 days after the Vendor shall have demanded in writing such cancellation or recovery of possession, or (ii) within said 30 days to deposit with the Vendor a sum in cash equal to the then Fair Value (as defined in Article VII hereof) of such unit of Equipment (any sum so deposited to be returned to the Owner upon the cancellation of such transfer or sublease or the recovery of possession by the Owner of such unit of Equipment), or

(d) any proceeding shall be commenced by or against the Owner for any relief 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 proceeding which does not permit any readjustment of the obligations hereunder or under the Lease, the Lease Assignment or the Participation Agreement) and, unless such proceeding 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 such obligations shall not be 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 Owner or for its property in connection with any such proceeding in such manner that such obligations have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease unless the Owner shall have cured such Event of Default and the corresponding event of default hereunder within the later to occur of (1) the expiration of all applicable grace periods, or (2) the fifth day following the giving of written notice to the Owner that such Event of Default has occurred and is continuing; provided, however, that if more than four Events of Default or if more than two consecutive Events of Default shall have occurred under clause (A) of § 10 of the Lease which corresponds to an event of default under Article XV(a) hereof, any such Event of Default shall be an event of default hereunder whether or not the corresponding event of default hereunder is cured;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article IV hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. In addition, if the Owner does not pay the entire unpaid CSA Indebtedness, together with the interest thereon accrued and

unpaid to the date of payment within 15 days of such notice of Declaration of Default, the Vendor may cause the Lease immediately to terminate (and the Owner acknowledges the right of the Vendor to terminate the Lease) but without affecting the indemnities which by the provisions of the Lease survive its termination. Upon a Declaration of Default, subject to Articles IV and XXI hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Owner, subject to the provisions of Articles IV and XXI hereof, wherever situated. The Owner shall promptly notify the Vendor and each Investor of any event of which any of its officers has actual knowledge which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Owner and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly agreed by the Owner that time is of the essence of this Agreement and that no such waiver, recession or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE XVI

Remedies

At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Owner any sums theretofore paid in respect thereof and free from all claims whatsoever, except as hereinafter in this Article XVI expressly provided, and may remove the same from possession and use of the Owner or any other person and for such purpose may enter upon the premises of the Owner or any other premises where

the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Owner, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Owner shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to all railroads which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

During any storage period, the Owner will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties; and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Owner hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article XVI provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire

CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Owner and the Lessee by telegram, telex, telecopy or registered mail, addressed as provided in Article XX hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Owner does not object thereto in writing as described in second proviso below, all the Owner's rights in the Equipment shall thereupon terminate and all payments made by the Owner or for its account in respect of the Equipment may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Owner, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner; provided further that if the Owner, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be provided by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article XVI.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession of the Equipment, at its election and upon 30 days' notice to the Owner, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Owner, the Lessee or any other party claiming from, through or under the Owner or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Owner should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as

well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be conducted in a commercially reasonable manner. The Vendor and the Owner may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Owner and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram, telex, telecopy or registered mail addressed as provided in Article XX hereof. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Owner or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article XVI), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the CSA Indebtedness except as specifically provided in this Article XVI. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or

others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Owner or the Lessee shall not otherwise alter or affect the Vendor's rights or the Owner's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Owner's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

Subject to the third paragraph of this Article XVI, if, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Owner shall, subject to the limitations of the last paragraph of Article IV and Article XXI hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article IV hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Owner shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article IV hereof, be entitled to recover a judgment therefor against the Owner. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid promptly to the Owner.

The Owner will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies against the Owner under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article IV and Article XXI hereof.

The foregoing provisions of this Article XVI are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE XVII

Applicable State Laws

Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Owner to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Owner, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE XVIII

Recording

Subject to the provisions of Article XXI hereof and the proviso contained in § 15 of the Lease, the Owner will (a) promptly after the execution and delivery of this Agreement, any assignments hereof, the Lease, the Lease Assignment and each supplement hereto and thereto, respectively, cause this Agreement, any assignments hereof, the Lease, the Lease Assignment and each such supplement to be duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada, (b) from time to time do and perform any other act and will execute, acknowledge, deliver and file, register and record any and all further instruments required by law or reasonably requested by the Vendor for the purposes of proper protection of the security interest of the Vendor, (c) furnish an opinion or opinions of counsel of the Lessee, satisfactory to the Vendor and its special

counsel, in connection with such filing, registration, and recordation, and (d) promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE XIX

Article Headings; Effect and Modification of Agreement.

All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Owner with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Owner.

ARTICLE XX

Notice

Any notice required or permitted to be given by any party hereto to any other party or parties shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a Business Day, otherwise on the next Business Day), if transmitted by mail, telex, telecopy or similar transmission, or by hand, addressed as follows:

(a) to the Owner at 1 Oxford Centre, Pittsburgh, Pennsylvania 15219, attention of Vice President, Lease Operations,

(b) to the Assignee at P.O. Box 2258 (or, if by hand, at 2 Hopkins Plaza), Baltimore, Maryland 21203, attention of Corporate Trust Department,

(c) to the Seller at its address specified in Item 1 of Annex A hereto, and

(d) to any assignee of the Vendor or of the Owner, at such address as may have been furnished in writing to the Owner or the Vendor, as the case may be, and to the Lessee, by such assignee.

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE XXI

Immunities; Satisfaction of Undertakings

No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator or stockholder, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators and stockholders, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Owner under the second, seventh and eighth paragraphs of Article XVI and under Articles III, VI, VII (other than the second and third sentences of the second paragraph thereof), VIII, IX, X, XII, (other than the proviso to the last paragraph thereof), XIII and XVIII hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Owner shall not have any responsibility or liability for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article XV hereof. Until the security interest of the Vendor in this Agreement is discharged as provided in Article V hereof, no waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

ARTICLE XXII

Law Governing

The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303 and such additional rights arising out of the filing, recording or deposit hereof, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any unit of Equipment shall be located, and any rights arising out of the markings on the units of Equipment.

ARTICLE XXIII

Execution

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for convenience, 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. This Agreement shall be effective

when executed counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, New York.

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

WESTINGHOUSE CREDIT CORPORATION,

by John A. Murphy
Vice President,
Lease Operations

[Corporate Seal]

Attest:

Joseph A. Harrison
Secretary

TRAILER TRAIN COMPANY,

by _____
Vice President and

Treasurer

[Corporate Seal]

Attest:

Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF ALLEGHENY,)

On this 22ND day of December 1986, before me personally appeared JOHN F. McENERY, to me personally known, who, being by me duly sworn, says that he is the Vice President, Lease Operations, of WESTINGHOUSE CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Mary Ann Belcher
Notary Public

[Notarial Seal]
My Commission expires 11/30/89

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this _____ day of December 1986, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]
My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF ALLEGHENY,)

On this day of December 1986, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President, Lease Operations, of WESTINGHOUSE CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]
My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 22nd day of December 1986, before me personally appeared R. E. ZIMMERMAN, to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

James A. Nonte

Notary Public

[Notarial Seal]
My Commission expires

"OFFICIAL SEAL"
James A. Nonte
Notary Public, State of Illinois
My Commission Expires 7/14/88

SCHEDULE I

Allocation Schedule of Each \$1,000,000 of
8.85% Conditional Sale Indebtedness

<u>Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Principal Balance</u>
January 2, 1987.....	5,087.50	\$ 5,087.50	0.00	\$1,000,000.00
July 2, 1987.....	44,250.00	44,250.00	0.00	1,000,000.00
January 2, 1988.....	54,537.82	44,250.00	10,287.82	989,712.18
July 2, 1988.....	43,794.76	43,794.76	0.00	989,712.18
January 2, 1989.....	127,176.20	43,794.76	83,381.44	906,330.75
July 2, 1989.....	40,105.14	40,105.14	0.00	906,330.75
January 2, 1990.....	161,748.12	40,105.14	121,642.98	784,687.77
July 2, 1990.....	34,722.43	34,722.43	0.00	784,687.77
January 2, 1991.....	126,748.72	34,722.43	92,026.29	692,661.48
July 2, 1991.....	30,650.27	30,650.27	0.00	692,661.48
January 2, 1992.....	172,764.74	30,650.27	142,114.47	550,547.01
July 2, 1992.....	24,361.71	24,361.71	0.00	550,547.01
January 2, 1993.....	103,023.84	24,361.71	78,662.13	471,884.87
July 2, 1993.....	20,880.91	20,880.91	0.00	471,884.87
January 2, 1994.....	129,823.06	20,880.91	108,942.15	362,942.72
July 2, 1994.....	16,060.22	16,060.22	0.00	362,942.72
January 2, 1995.....	135,090.13	16,060.22	119,029.92	243,912.81
July 2, 1995.....	10,793.14	10,793.14	0.00	243,912.81
January 2, 1996.....	140,844.92	10,793.14	130,051.78	113,861.03
July 2, 1996.....	5,038.35	5,038.35	0.00	113,861.03
January 2, 1997.....	118,899.38	5,038.35	113,861.03	0.00
	\$1,544,981.54	\$544,981.54	\$1,000,000.00	

*Interest only to the extent accrued will be payable on this date.

Conditional Sale Agreement

- Item 1: Trailer Train Company, 101 North Wacker Drive, Chicago, Illinois 60606, Attention of Vice President and Treasurer.
- Item 2: The Equipment shall be settled for in two Groups on December 22 and December 30, 1986, unless the parties hereto otherwise agree.
- Item 3: The Seller will make available to the Owner and the Vendor the warranties and patent indemnifications given to the Seller by the manufacturers listed in Annex B hereto.
- Item 4: The Maximum Purchase Price referred to in Article 4 of this Agreement is \$63,213,215.75.
- Item 5: The Maximum CSA Indebtedness referred to in Article 4 of the Agreement is \$50,570,572.60 (\$63,213,215.75 x 80%).

Annex B to Conditional Sale Agreement

<u>Type</u>	<u>Builder's Specifications</u>	<u>Quantity</u>	<u>Estimated Unit</u>		<u>Estimated Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time of Delivery</u>
			<u>Base Price</u>	<u>Base Price</u>			
Gunderson, Inc.:							
Five-Unit Container Well Cars	T-4085-F	20	\$173,485.00	\$3,469,700.00	63179-63198	Feb.-Mar. 1986	
	T-4085-F	2	\$169,585.00	\$339,170.00	63199-63200	May, 1986	
	T-4086-F	35	\$165,685.00	\$5,798,975.00	63201-63235	July-Aug. 1986	
	T-4086-F	30	\$169,585.00	\$5,087,550.00	63236-63265	Oct.-Nov. 1986	
Trinity Industries, Inc.:							
Five-Unit Container Well Cars	T-4085-P	5	\$127,375.00	\$636,875.00	64000-64004	Sept.-Oct., 1986	
Thrall Car Manufacturing Co.:							
Five-Unit Container Well Cars	T-1285-T	20	\$144,136.00	\$2,882,720.00	62140-62159	Feb., 1986	
	T-5085-T	20	143,530.07	2,870,601.40	62160-62179	May-June, 1986	
	T-5085-T	20	147,250.07	2,945,001.40	62180-62199	April-May, 1986	
	T-3085-T	40	149,290.07	5,971,602.80	62200-62239	June-July, 1986	
	T-5085-T	10	147,380.07	1,473,800.70	62240-62249	May-June, 1986	
	T-5085-T	10	145,280.07	1,452,800.70	62250-62259	June, 1986	
	T-4086-T	3	147,380.03	442,140.09	62260-62262	June, 1986	
	T-4086-T	25	146,230.07	3,655,751.75	62263-62287	August, 1986	
	T-4086-T	96	149,090.07	14,312,646.71	62288-62383	Aug.-Sept., 1986	
	T-4086-T	16	145,775.67	2,332,410.72	62384-62399	Oct. 1986	
	T-4086-T	44	149,585.67	6,581,769.48	62400-62443	Oct.-Nov., 1986	
	T-4086-T	20	147,985.00	2,959,700.00	62444-62463	Dec. 1986	
		<u>416</u>			<u>\$63,213,215.75</u>		

Annex C to
Conditional Sale Agreement

[CS&M Ref: 2164-359]

LEASE OF RAILROAD EQUIPMENT

(No. 29)

Dated as of December 1, 1986

Between

TRAILER TRAIN COMPANY,

as Lessee,

and

WESTINGHOUSE CREDIT CORPORATION,

as Owner.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent for institutional investors. The original of this Lease is held by said Agent.

LEASE OF RAILROAD EQUIPMENT dated as of December 1, 1986, between TRAILER TRAIN COMPANY, a Delaware corporation ("Lessee"), and WESTINGHOUSE CREDIT CORPORATION, a Delaware corporation ("Owner").

WHEREAS the Owner is entering into a conditional sale agreement (the "CSA") with Trailer Train Company (in such capacity, "Seller"), pursuant to which the Owner has agreed to purchase and take delivery of the railroad equipment described in Schedule A hereto ("Equipment"); and

WHEREAS the Seller is assigning its interests in the CSA pursuant to an Agreement and Assignment ("CSA Assignment") to Mercantile-Safe Deposit and Trust Company, acting as Agent (hereinafter together with its successors and assigns called "Vendor"), under a Participation Agreement dated as of the date hereof ("Participation Agreement") with the Lessee, the Owner and the investors named therein ("Investors"); and

WHEREAS the Lessee agrees to lease from the Owner all the units of the Equipment as are delivered and accepted under the CSA at the rentals and for the term and upon the conditions hereinafter provided (each such unit being hereinafter called "Unit"); and

WHEREAS the Owner will assign certain of its rights under this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement ("Consent");

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

SECTION 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as provided in Section 7 hereof, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, 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 Lessee against the Owner, whether under this Lease, under the CSA

or otherwise (except as provided in Paragraph 12 of the Participation Agreement), including the Lessee's rights by subrogation thereunder against the Seller or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner (except as provided in Paragraph 12 of the Participation Agreement) or the Vendor for any reason whatsoever.

SECTION 2. Delivery and Acceptance of Units. The Owner hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Owner under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such unit on behalf of the Owner under the CSA and itself hereunder whereupon such Unit shall, except as provided in the last paragraph of Article 3 of the CSA, be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will promptly execute and deliver to the Owner a certificate of acceptance ("Certificate of Acceptance") in accordance with the

provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Owner on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof.

SECTION 3. Rentals. With respect to each of the Units subject to this Lease, the Lessee will pay to the Owner the rentals shown in Schedule B hereto.

The rentals shown in Schedule B are allocable to each period of use of the Equipment as follows:

Rentals payable on any Rental Date through January 2, 1991, shall be in arrears, with each such installment covering the semi-annual period ending on such Rental Date, 43.40% of the rental payable on January 2, 1992, shall be in arrears and shall be for the semi-annual period ending on January 2, 1992, 56.60% of the rental payable on January 2, 1991, shall be in advance and shall be for the semi-annual period commencing on such date and rentals payable on any Rental Date commencing after January 2, 1992, shall be in advance and for the semi-annual period commencing on such Rental Date.

In addition, the Lessee will pay as additional rentals hereunder any amounts it is required to pay as and when due pursuant to the next to the last sentence of the first paragraph of Paragraph 8 and the last paragraph of Paragraph 8 of the Participation Agreement.

In addition, the Lessee will pay as additional rentals hereunder any amounts which it is required to pay as and when due pursuant to Paragraph 12 of the Participation Agreement.

The rentals shown in Schedule B hereto and the Casualty Values shown in Schedule C hereto have been calculated on the assumptions that (i) 95.25416% of the Purchase Price of the Units will be settled for on December 23, 1986, and the balance of such Purchase Price will be settled for on December 30, 1986, and (ii) \$300,000 of fees and expenses will be payable by the Owner pursuant to Paragraph 11 of the Participation Agreement, excluding the fee payable to Savance Corporation and the fees and disbursements of Morgan, Lewis & Bockius in excess of \$75,000. If any of the foregoing assumptions prove to be incorrect, such rentals and Casualty Values will be adjusted upward or downward by the minimum amount necessary so the Owner's after-tax yields and after-tax cash flows (such after-tax yields and after-tax cash flows being hereinafter called "Net Economic Return") (computed on the same assumptions, including rates, as were originally utilized by the Owner in evaluating this

transaction) shall at least equal the Net Economic Return that would have been realized by the Owner in accordance with the assumptions stated above, it being understood that no such adjustments shall be made in respect of the fee payable to Savance Corporation referred to in clause (vi), or in respect of the fees and expenses of Morgan, Lewis & Bockius in excess of \$75,000 referred to in clause (ii), of Paragraph 11 of the Participation Agreement any disputes with respect to any adjustments made pursuant hereto shall be resolved in the same manner as disputes with respect to adjustments under the Tax Indemnity Agreement are resolved.

In no event shall the aggregate of the foregoing rentals, when added to the payments to be made pursuant to Paragraph 12 of the Participation Agreement, be less than the principal and interest payment due on each such date pursuant to Article 4 of the CSA.

If any of the rental payment dates referred to above is not a business day (as such term is defined in Article 4 of the CSA), the rental payment otherwise payable on such date shall then be payable on the following business day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such following business day.

For so long as the CSA shall remain in effect, the Owner irrevocably instructs the Lessee to make all the payments due the Owner provided for in this Lease (other than payments which by the express terms of §§ 6, 9, and 19 of this Lease are payable directly to the Owner) to the Vendor, for the account of the Owner, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Owner under the CSA and the Participation Agreement known to the Vendor to be due and payable thereunder on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Owner or as directed by the Owner in immediately available funds at such place as the Owner shall specify in writing.

The Lessee agrees to make each payment provided for herein as contemplated by this § 3 in immediately available funds at or prior to 11:00 a.m. Baltimore time to the office of the Vendor (at 2 Hopkins Plaza, Baltimore, Maryland 21203, attention of Corporate Trust Department) on the date due, or if the CSA shall no longer be in effect, at the office of the Owner.

SECTION 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder as aforesaid and, subject

to the provisions of § 7, 10 and 13 hereof, shall terminate on January 2, 1997. Except for obligations of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9, 11, 14 and 20 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

SECTION 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto and each well constituting part of each Unit to be steel-stamped with the identifying number for such well in a uniform location, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Owner, 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's title to and the Vendor's security interest in such Unit and the rights of the Owner under this Lease and of the Vendor under the CSA. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Owner and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Owner 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 and the Owner's interests in such Units and no filing, recording, deposit or giving of notice with or to

ASSIGNMENT OF LEASE AND AGREEMENT dated as of December 1, 1986 ("Assignment"), by and between WESTINGHOUSE CREDIT CORPORATION ("Owner") and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as agent ("Agent") for certain institutional investors ("Investors") under a Participation Agreement dated as of the date hereof among the Owner, the Agent, the Investors and TRAILER TRAIN COMPANY ("Lessee").

WHEREAS the Owner is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Trailer Train Company (in such capacity, "Seller") providing for the sale to the Owner of such of the units of railroad equipment to be acquired for the Owner ("Units") described in the Annex B thereto as are delivered to and accepted by the Owner thereunder and the CSA is being assigned to the Agent by the Seller;

WHEREAS the Owner and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter, together with the amendments and supplements thereto, being called "Lease"), providing for the leasing by the Owner to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Owner under the CSA and as an inducement to the Investors to invest in the CSA Indebtedness as defined in the CSA, the Owner agrees to assign for security purposes its rights in, to and under the Lease to the Agent.

NOW, THEREFORE, in consideration of the payments to be made, the parties hereto agree as follows:

1. The Owner hereby assigns, transfers and sets over unto the Agent, as collateral security for the payment and performance of the Owner's obligations under the CSA all the Owner's right, title and interest, powers, privileges, and other benefits under the Lease (including those inuring to the benefit of the Owner and the Owner's assigns by reason of § 12 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Owner under or pursuant to the provisions of the Lease whether as

rent, casualty payment, indemnity (except sums which by the express terms of the Lease are payable directly to the Owner pursuant to §§ 6, 9 and 19 of the Lease), liquidated damages, or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Owner is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Owner hereby irrevocably authorizes and empowers the Agent in its own name, or in the name of its nominee, or in the name of the Owner or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Owner is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Agent agrees to accept any Payments made by the Lessee for the account of the Owner pursuant to the Lease and, to the extent received, the Agent will apply such Payments to satisfy the obligations of the Owner under the CSA then due and payable, subject to the limitations contained in the last paragraph of Article 4 of the CSA, and any balance held by the Agent hereunder for the account of the Owner shall be deemed to be held in trust for the Owner and shall be paid immediately to and retained by the Owner. If the Agent shall not receive any rental payment under the first paragraph of § 3 of the Lease or any payment of Casualty Values under § 7 of the Lease when due, the Agent shall promptly notify the Owner by telegraphic communication at the address set forth in the Lease. Failure to so notify the Owner shall not affect the rights and remedies of the Agent hereunder or under the CSA; except that the Agent may not make a Declaration of Default (as defined in the CSA) on the basis of an event of default under subparagraph (a) of Article 15 of the CSA arising solely by reason of the failure of the Lessee to make any such rental payment which under the provision of clause (e) of Article XV of the CSA is permitted to be cured by the Owner, unless such event of default is not remedied within 5 days after notification is given as aforesaid.

2. This Assignment is executed only as security for the obligations of the Owner under the CSA and, therefore, the execution and delivery of this Assignment shall not subject the Agent to, or transfer, or pass, or in any way affect or modify the liability of the Owner under the Lease, it being agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Owner to the Lessee shall be and remain enforceable by the Lessee,

its successors and assigns, against, and only against, the Owner or persons other than the Agent.

3. To protect the security afforded by this Assignment, the Owner agrees as follows:

(a) The Owner will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Owner; without the written consent of the Agent, the Owner will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee which are intended to satisfy the obligations of the Owner under the CSA, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement so amending, modifying or terminating the Lease and the Owner agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Owner fail to make any payment or to do any act which this Assignment requires the Owner to make or do, then the Agent, but without obligation so to do, after first making written demand upon the Owner and affording the Owner a reasonable period of time within which to make such payment or do such act, but without releasing the Owner from any obligation hereunder, may make or do the same in such manner and to such extent as the Agent may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Agent, and also the right to perform and discharge each and every obligation, covenant and agreement of the Owner contained in the Lease; and in exercising any such powers, the Agent may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Owner will reimburse the Agent for such costs, expenses and fees; provided, however, that the obligations of the Owner to make reimbursements under this Paragraph 3 are subject to the last paragraph of Article 4 of the CSA.

4. The Owner does hereby constitute the Agent the Owner's true and lawful attorney, irrevocably, with full

power (in the name of the Owner, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Owner is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Agent may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Owner's obligations under the CSA, this Assignment, and all rights herein assigned to the Agent in respect thereof, shall terminate, and all estate, right, title and interest of the Agent in and to the Lease shall revert to the Owner without further act or deed, but the Agent shall execute and deliver such documents as the Owner may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. The Owner will, from time to time, do and perform any other act and will execute, acknowledge and deliver any and all further instruments required by law and reasonably requested by the Agent in order to confirm or further assure the interests of the Agent hereunder.

7. The Agent may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. The Agent will give written notice to the Owner and the Lessee of any such assignment.

8. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Owner shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Agent at its address set forth in Article 20 of the CSA, or at such other address as the Agent shall designate.

10. The Agent hereby agrees with the Owner that, so long as no event of default, or any event which with lapse of time or notice or both would constitute such an event of default, under the CSA has occurred and is then continuing, the Agent will not exercise or enforce, or seek

to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Owner to the Agent by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Owner may, so long as no such event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, the Owner shall not, without the prior written consent of the Agent, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

11. No recourse shall be had in respect of any obligation due under this Assignment, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner, the Agent, the Investors or the Owner, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Assignment.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names, by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

WESTINGHOUSE CREDIT CORPORATION

by

[Corporate Seal]
Attest:

Secretary

Vice President,
Lease Operations

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity, but solely
as Agent,

[Corporate Seal]

by

Vice President

Attest:

Corporate Trust Officer

COMMONWEALTH OF PENNSYLVANIA,)) ss.:
COUNTY OF ALLEGHENY,)

On this _____ day of December 1986, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is the Vice President, Lease Operations of WESTINGHOUSE CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires _____

STATE OF MARYLAND,)) ss.:
CITY OF BALTIMORE,)

On this _____ day of December 1986, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires _____

LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of the State of Delaware, the Lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Assignment"), hereby acknowledges receipt of a copy of the Assignment, consents to all the terms and conditions of the Assignment and agrees as follows:

(1) subject to the terms and conditions of the Assignment, to pay all Payments (as defined in the Assignment) due and to become due to the Owner under the Lease directly to MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as agent ("Agent") under the Participation Agreement referred to in the Assignment, to be applied as provided in the Assignment, by bank wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Account No. 620081-8 with notation that the funds are "Re: TTX 12/1/86" (or such other address as may be furnished in writing to the undersigned by the Agent);

(2) agrees, subject to the terms and conditions of the Assignment, that the Agent shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Agent were named therein as the Owner;

(3) agrees that the Agent shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise;

(4) agrees that the Lease shall not, without the prior written consent of the Agent, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in any alteration or impairment of the obligations of the Lessee under the Lease which are intended to satisfy the obligations of the Owner under the CSA, the obligations of the Owner under the Assignment or the obligations of the Lessee under this Consent and Agreement or of any of the rights created by any thereof; and

(5) will do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of the Participation Agreement and the exhibits thereto.

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

This Consent and Agreement, when accepted by the Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of December 1, 1986.

[Corporate Seal]

Attest:

TRAILER TRAIN COMPANY,

by

Vice President

Accepted:

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity, but
solely as Agent under the
Participation Agreement
referred to above,

[Corporate Seal]

Attest:

Corporate Trust Officer

by

Vice President

any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Owner in such Units.

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

SECTION 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Owner, the Vendor and the Investors and their respective successors, assigns, agents and servants ("Indemnified Persons") on an after-tax basis from all 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 any such Indemnified Person 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: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; or this Lease, the Lease Assignment, the Consent, the Participation Agreement, the CSA or the CSA 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 Vendor under the CSA (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) in the case of any Indemnified Person, any Taxes of the United States or of any state or political subdivision thereof, imposed on or measured solely by the net income (including, without limitation, alternative minimum taxes and taxes measured by tax preference items) or excess profits of such Indemnified Person, or on or measured by capital stock value or net worth, of such Indemnified Person in the case of franchise or doing business taxes, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease; (ii) in the case of any Indemnified Person any Taxes imposed On the Owner as

a direct result of a voluntary transfer or other voluntary disposition by the Owner or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of debtors in which the Owner is the debtor, whether voluntary or involuntary, or other action of creditors of the Owner, of any interest in any Unit or interest in rentals under this Lease, unless, in each case, such transfer or disposition is in connection with a Casualty Occurrence or is pursuant to the exercise of remedies in connection with or an Event of Default; (iii) in the case of the Vendor or the Agent, any Taxes imposed on or measured by any agency fees received by the Vendor or the Agent; (iv) in the case of any Indemnified Person, any Taxes which are imposed on or measured solely by the net income of such Indemnified Person if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Lessee has not agreed to pay or indemnify against pursuant to this Section 6; (v) any taxes imposed on any Indemnified Person resulting from the gross negligence or willful misconduct of such Indemnified Person in connection with the performance of, or failure to perform, any requirement imposed on it under any provision of any of the Documents or with respect to any return otherwise required to be filed by such Indemnified Person without regard to the transactions contemplated by the Documents, in connection with the preparation or filing of tax returns, the payment of its taxes or the conduct of any proceeding in respect thereof, but only to the extent not attributable to the failure of the Lessee to notify such Indemnified Person of its obligations to prepare and file returns, reports or statements in respect of Taxes indemnified pursuant to this section or to provide any information necessary for the preparation or filing of such returns, reports or statements or the conduct of such proceedings or to otherwise perform its duties and responsibilities pursuant to the Documents including, without limitation, the obligation to make payments hereunder, (vi) any taxes imposed with respect to events occurring or matters arising after the later of (A) the return of possession of the Units to the Owner pursuant to the terms of the Lease, or (B) the expiration or earlier termination of the term of the Lease except to the extent directly attributable to a failure of the Lessee to fully discharge its obligations under the Lease; and (vii) any taxes which are included in the Purchase Price, provided that such Taxes have been remitted to the proper taxing authorities; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the next succeeding paragraph. The Lessee 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 Lessee (or the affiliated group, within the meaning of

section 1504 of the Internal Revenue Code of 1954, as amended, of which the Lessee is a member) under the laws of the United States or of any state or political subdivision thereof, which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same in good faith by appropriate proceedings.

If claim is made against any Indemnified Person for any Taxes indemnified against under this Section 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such Indemnified Person 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 Lessee, 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 Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such Indemnified Person; 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 Person in any such proceeding or action) without the prior written consent of such Indemnified Person, such consent not be unreasonably withheld (provided that it is understood that such Indemnified Person may impose reasonable conditions relating to the commencement of conduct of such contest as a condition to granting its consent). If such Indemnified Person shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or any amount representing interest thereon applicable to the amount paid by the Lessee and the period of such payment, such Indemnified Person shall pay to the Lessee the amount of such refund or interest net of expenses; provided, however, that no such amount shall be paid if an Event of Default or an event which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing, unless such event or Event shall have been cured.

Any payment which the Lessee shall be required to make to or for the account of any Indemnified Person with respect to any Tax which is subject to indemnification under this section shall (A) reflect any current savings of such Indemnified Person resulting by way of deductions, credits

or other tax benefits attributable to the payment (or accrual) of such indemnified Tax unless such deduction or credit or other tax benefit was taken into account in computing the payment which the Lessee is required to make with respect to any Tax which is subject to indemnification under this section by way of a deduction or credit against such Tax and (B) include the amount necessary to hold such Indemnified Person harmless on an after-tax basis from the amount of any federal, state, local or foreign taxes required to be paid by such Indemnified Person as the result of any such payment. If, by reason of any Tax payment made to or for the account of an Indemnified Person by the Lessee pursuant to this section such Indemnified Person subsequently realizes a tax benefit, savings, deduction or credit (including foreign tax credit) not previously taken into account in computing such payment, such Indemnified Person shall promptly pay to the Lessee an amount equal to the sum of (I) the actual net reduction in Taxes, if any, realized by such Indemnified Person which is attributable to such deduction or credit and (II) the actual reduction in any Taxes realized by such Indemnified Person as the result of any payment made by such Indemnified Person pursuant to this sentence; provided, however, that such Indemnified Person shall not be obligated to make payment pursuant to this section to the extent that the amount of such payment would exceed (x) the amount of all prior payments made by the Lessee pursuant to this section, less (y) the amount of all prior payments by such Indemnified Person to the Lessee hereunder, and any such excess shall be carried forward and reduce any subsequent obligations of the Lessee to indemnify such Indemnified Person. For purposes of the preceding sentence, items of foreign tax of any Indemnified Person shall be deemed to be utilized by such Indemnified Person as credits or deductions for any taxable year in accordance with the following priorities:

First, all available foreign taxes other than those described in the next two clauses of this sentence;

Second, all available foreign taxes attributable to a leasing transaction entered into by such Indemnified Person with a lessee other than the Lessee and for which such Indemnified Person was indemnified or held harmless by anyone in such lease transaction other than a lease transaction described in the next clause of this sentence on a pari passu basis with any foreign tax credits attributable to any tax payment made to or for the account of such Indemnified Person pursuant to this section; and

Third, all available foreign taxes attributable to a leasing transaction entered into by such Indemnified

Person for which such Indemnified Person was indemnified or held harmless by anyone in such lease transaction and in which the the tax credit ordering rules applicable to such indemnification specifically provide that foreign taxes attributable to such transaction shall be taken in account last (and not on a pari passu basis as hereinabove stated).

In case any report or return is required to be made with respect to any obligation of the Lessee under this Section 6 or arising out of this Section 6, except obligations resulting from the second sentence of the first paragraph of this Section 6, the Lessee shall either make such report or return in such manner as will show the interests of the Owner in the Units, or shall promptly notify the Owner and the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Owner and the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

Notwithstanding anything in the Documents to the contrary, the Lessee hereby agrees to pay all amounts payable by the Owner to the Vendor pursuant to Article VI of the Conditional Sale Agreement and agrees that as between the Lessee and the Owner, the Owner shall have no liability for the payment of such amounts. The Lessee further agrees to perform all obligations of the Owner under Article VI of the CSA with respect to returns, reports or statements and is hereby granted the rights afforded the Owner to contest any Taxes pursuant to Article VI of the CSA.

All the obligations of the Lessee under this Section 6 shall survive and continue, but only with respect to periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the CSA or the termination of this Lease. All amounts payable by the Lessee pursuant to this Section 6 shall be payable directly to the Indemnified Person entitled to indemnification, except to the extent paid to a governmental agency or taxing authority. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of the payment of any installment of principal or interest payable under the CSA or a guarantee of the residual value of the Equipment.

The Lessee shall furnish promptly, upon request, such information and data as are normally available to the Lessee and which 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, taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Lease, (any such occurrence being hereinafter called "Casualty Occurrence") during the term of this Lease or until such Unit shall have been returned in the manner provided in Section 11 or Section 14 hereof, the Lessee shall promptly and fully notify the Owner and the Vendor with respect thereto. On the rental payment date next succeeding the delivery of such notice, (or, in the event such rental payment date will occur within 15 days after delivery of notice, on the following rental payment date, or, in the event the term of this Lease has already expired or will expire within 15 days after delivery of such notice, on a date within 15 days of such delivery) ("Casualty Payment Date"), the Lessee shall pay to the Owner on such Casualty Payment Date a sum equal to the Casualty Value of such Unit as of such Casualty Payment Date. Upon the making of such payment by the Lessee in respect of any Unit, no rental with respect to such Unit shall be payable on the Casualty Payment Date and no rental for such Unit shall accrue thereafter, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Owner shall be entitled to recover possession of such Unit.

If the Casualty Payment Date shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term, but, in addition to paying the Casualty Value for such Unit, the Lessee shall pay interest thereon from the end of such term to the Casualty Payment Date at the rate of 8.85% per annum.

The Owner hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner and is not in default hereunder or an event which after notice or lapse of time or both would become a default hereunder, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess, less reasonable expenses incurred in connection therewith, to the Owner.

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

In the event of the requisition for use by the United States Government of any Unit during the term of this Lease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Lessee's obligations under this Lease 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 by the Government at any time after the end of the term of this Lease, the Lessee shall be obligated to return such Unit to the Owner pursuant to Section 11 or Section 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease; but the Lessee shall in all other respects comply with the provisions of said Section 11 or Section 14, as the case may be, with respect to such Unit. All payments received by the Owner or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Owner or the Lessee from the Government for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Owner.

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

The Lessee shall at all times while this Lease is in effect cause to be carried and maintained casualty insurance and public liability insurance with respect to each Unit with responsible insurance companies rated A or better by Best's Key Rating Guide - Property and Casualty, in each case in such amounts and against such risks as are customarily insured against with respect to similar equipment by the Lessee and railroad companies. Each policy with respect to such insurance shall (i) name the Owner and the Agent as additional insureds, as their respective interests may appear, (ii) not require premiums, commissions and assessments from any additional insured, (iii) not require contribution from any other insurance coverage purchased by any additional insured, (iv) provide that no cancellation or material change shall be effective as to any insured until at least 30 days after the Owner's and the Agent's receipt of written notice thereof, and (v) waive any right of subrogation against any additional insured.

The Lessee shall, on or before February 28 of each calendar year commencing with 1988 and from time to time upon request of the Owner or the Vendor, furnish appropriate evidence of all insurance maintained hereunder.

The Owner and the Vendor shall each have the right to maintain any casualty insurance on the Equipment in addition to the insurance required to be maintained pursuant to the preceding provisions of this Section 7 for the purpose of protecting the fair value of the Units, provided, that such additional casualty insurance would not in any way impair any insurance so required to be maintained. The parties hereto shall cooperate with each other to effectuate the purposes of the preceding sentence.

SECTION 8. Reports. On or before May 1 in each year, commencing with the calendar year 1988, the Lessee will furnish to 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 leased hereunder and covered by the CSA, 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 Lease (specifying the dates of such Casualty Occurrences) and such other information regarding the condition and state of repair of the Units as the Owner 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 and the CSA have been preserved or replaced. The Owner shall have the right (but not any obligation) by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner may request during the continuance of this Lease.

The Lessee agrees at its expense to prepare and deliver to the Owner within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner) any and all reports (other than income tax returns except as provided in Section 6 hereof) to be filed by the Owner with any Federal, state or other regulatory authority by reason of the ownership by the Owner or the Vendor of the Units or the leasing thereof to the Lessee.

SECTION 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE OWNER DOES NOT MAKE, HAS NOT MADE OR 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 LESSEE

HEREUNDER, AND THE OWNER DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner and the Lessee, are to be borne by the Lessee; but the Owner hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease, so long as no Event of Default shall have occurred and be continuing, to assert and enforce from time to time, in the name of and for the account of the Owner and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights (including warranty or similar claims) the Owner may have against the Seller or the manufacturer(s) of the Units or any components thereof. The Lessee shall be obligated to assist diligently with respect to any such claims and to use the proceeds, if applicable, for the repair or restoration of the Units affected thereby. The Owner shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith including strict liability in tort; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner that the Units described therein are in all the foregoing respects satisfactory to the Lessee; and the Lessee will not assert any claim of any nature whatsoever against the Owner based on any of the foregoing matters.

The Lessee agrees, for the benefit of 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 operations involving the Units may extend, with the 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 laws and rules affect the title, operation or use of the Units (all such laws and rules to such extent being hereinafter called "Applicable Laws") and in the event that Applicable Laws require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may upon written notice to the Owner and the Vendor, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the opinion of the Owner or the Vendor, adversely affect the property or rights of the Owner or the Vendor, respectively, under this Lease or under the CSA.

The Lessee shall use the Units only in the manner for which they were designated and intended and so as to subject them only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep each Unit in good order, condition and repair so that each Unit will (a) remain in as good operating condition as when delivered (ordinary wear and tear excepted), (b) remain in compliance with any and all applicable laws and regulations, (c) have no excessive corrosion, (d) have standard running gear and components maintained according to the policies and procedures established by the Lessee and acceptable for interchange according to the regulations of the AAR field manual, (e) have damage to the car structures repaired either by the manufacturer or according to instructions and recommendations accepted by the manufacturer at facilities experienced in the repair of articulated rail cars, (f) have maintenance records of each Unit available for review by the Owner and the Vendor and (g) be suitable for immediate purchase or lease and use by a third party in the railroad system. The Lessee shall maintain the Units at least as well as other similar units owned or operated by the Lessee.

The term "Units" as used in this Lease shall not include any special devices, racks (including, but not limited to, automobile-carrying superstructures) or assemblies at any time attached to any Unit, the cost or purchase price of which is not included in the Purchase Price of the Units or the title to which is in a person other than the Owner (all of which are hereinafter called "Property Owned by Others"). The Owner and the Lessee recognize that such special devices, automobile-carrying superstructures and other assemblies may be attached to the Units and may be owned and financed by persons other than the Owner or the Lessee. The Owner expressly acknowledges, for the purpose

of assurance of any such persons and for the purpose of inducing attachment of such special devices, automobile-carrying superstructures and other assemblies to the Units, that the Owner has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Owner and the Vendor, remove such special devices, automobile-carrying superstructures and other assemblies from the Units. The Lessee represents and warrants that it will, at the time of termination of this Lease (i) cause all Property Owned by Others to be removed from the Units, (ii) repair all damage, if any, caused by such removal, and (iii) after such removal, the value or utility of the Unit to which it was attached will not be diminished or impaired from what such value or utility would have been if such Property of Others had not been attached thereto.

The Lessee and its affiliates, at their own cost and expense, may from time to time make such other alterations, modifications and additions 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 (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units and shall not diminish the useful life, value, utility or condition of the Units below the useful life, value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that, without the prior written consent of the Owner, no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto or without diminishing or impairing the useful life, value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of a Unit shall without further act vest in the Owner and be subject to a valid first lien and prior perfected security interest under the CSA 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 such 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 such Unit pursuant to the terms of the second or third paragraph of this Section 9, or (iii) notwithstanding the provisions of the next preceding paragraph of this Section 9, such Part cannot be readily removed from such 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 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 Lessee. 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 other than Property Owned by Others.

The Lessee shall pay, and shall protect, indemnify and hold each Indemnified Person, 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 attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Lease, the Participation Agreement, the CSA or any other agreement contemplated hereby, 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, 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 Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort or by statute imposed; (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 Owner, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease (except by the Owner) or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner's obligations under the Lease Assignment, the CSA or the Participation Agreement, except to the extent such claim arises from an act or omission of the party claiming indemnification; or (viii) any claim arising out of the Vendor's holding a security interest under the CSA or the Lease Assignment (all of which matters hereinabove set forth in this paragraph being hereinafter called "Indemnified Matters"). All payments hereunder shall be made directly to the Indemnified Person irrespective of whether an Event of Default shall have occurred hereunder. The Lessee 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 Lessee 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 Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this Section 9, the Lessee shall pay 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 sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner 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 any indemnities as contained in this Section 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, it shall be subrogated to any right of such Indemnified Person in respect of the Indemnified Matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this Section 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The indemnities contained in this Section 9 shall survive the expiration or termination of this Lease 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 Lessee or the Owner 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 Lessee shall not constitute a guarantee by the Lessee of the payment of any installments of principal or interest payable under the CSA or a guarantee of the residual value of the Equipment.

SECTION 10. Default. If, during the continuance of this Lease, 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 Lessee and such failure to make payment shall continue for 5 business days after the same shall become due; or

B. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement or the Consent, and such default shall continue for 30 days after

written notice from the Owner or the Vendor to the Lessee specifying the default and demanding that the same be remedied; or

C. any proceeding shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the 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 such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not be and shall not continue to be 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 Lessee or for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 90 days after such proceedings shall have been commenced; or

D. an event of default set forth in Article XV of the CSA shall have occurred resulting directly from any default by the Lessee in performing any of its obligations hereunder or under the Participation Agreement;

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

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

(b) by notice in writing to the Lessee terminate this Lease with respect to any or all of the Units, whereupon all rights of the Lessee to the use of such Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the

Owner may by its agents enter upon the premises of the Lessee or other premises where any of such Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Owner shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) in respect of such Units and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Owner, in its sole discretion, shall specify: (x) a sum with respect to each such Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Owner reasonably estimates to be obtainable for each such Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value of each such Unit as of the rental payment date on or next preceding the date of termination over the amount the Owner reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner shall have sold any such Unit, the Owner, in lieu of collecting any amounts payable to the Owner by the Lessee 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 Lessee pay to the Owner, and the Lessee shall pay to the Owner on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, 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 Owner's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

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

The failure of the Owner 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 Owner.

The Lessee also agrees to furnish the Owner and the Vendor, promptly upon any responsible officer's acquiring actual knowledge of any condition which constitutes an Event of Default hereunder or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 10, a "responsible officer" shall mean, with respect to the

subject matter of any covenant, agreement or obligation of the Lessee, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 11. Return of Units Upon Default. If this Lease shall terminate in respect of any of the Units pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of such Units to the Owner 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 such Unit returned to the Owner pursuant to this Section 11 shall (i) be in the operating order, repair and condition required by Section 14 hereof and (ii) meet the standards then in effect under the 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 such Unit or Units to the Owner as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Owner and there assembled,

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

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

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee (and the Lessee will during this period maintain the insurance required by Section 7 of this Lease to be maintained) and are of the essence of this Lease; and, upon application to any court of equity having jurisdiction in the premises, the Owner shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Owner or any person designated by it, including the authorized representative or representatives

of any prospective purchaser or lessee of any such Unit, to inspect the same. In the event that any of the Units are sold, the Lessee shall pay to the Owner the per diem interchange for each such Unit which shall not have been 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 Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Owner as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Owner, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

SECTION 12. Assignment; Sublease; Possession and Use. This Lease shall be assignable by the Owner subject to the satisfaction of all the provisions of the first paragraph of Article XIV of the CSA. All the rights of the Owner hereunder and obligations of the Lessee (including, but not limited to, the rights under §§ 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and the Owner's assigns.

So long as no Event of Default or event of default exists hereunder or under the CSA and the Lessee shall have fully complied with the provisions of this Section 12, the Lessee shall be entitled to the possession of the Units and also to sublease the Units to, or to permit their use under the terms of car contracts by, a sublessee or user incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof) or Mexico, upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof) or Mexico, or over which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States, only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases, uses or permits the use of any Unit in Canada (or any Province or Territory thereof) or Mexico, the Lessee shall, except as otherwise provided in Section 15 hereof, first

have (a) taken all necessary action to protect the right, title and interest of the Owner and the Vendor in the Units to be so subleased or used and (b) furnished the Owner and the Vendor with an Opinion of Canadian counsel or Mexican counsel, as the case may be, satisfactory to the Owner and the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Owner and the Vendor in such Units.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Vendor under the CSA and the Owner under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease or car contract as aforesaid and other than an encumbrance resulting from claims against the Owner or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Owner, the Vendor or the Lessee therein. The Lessee shall not, without the prior written consent of the Owner, 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 this Section 12.

Nothing in this Section 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which was solvent immediately prior to such assignment and transfer and which shall have specifically assumed the obligations of the Lessee hereunder, under the Consent and under the Participation Agreement by an appropriate instrument in writing) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee 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 Lease.

SECTION 13. Renewal Options and Purchase Option Refusal. (a) Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner not less than 180 days prior to the end of the original term of this Lease elect to extend the term of this Lease in respect of all, but not fewer than all, of the Units then covered by this Lease for one additional two-year period commencing on the scheduled expiration of the original term of this Lease, at the rentals shown in Schedule B hereto.

(b) Provided that this Lease has not been earlier terminated, the Lessee is not in default hereunder, and the Lessee has not exercised its option under paragraph (a) of this Section 13, the Lessee may, by written notice delivered to the Owner not less than the 180 days prior to the end of the original or any extended term of this Lease, elect to purchase all, but not fewer than all, of the Units then covered by this Lease for an amount equal to 44.75% of the aggregate Purchase Price of such Units, which amount shall be paid to the Owner in cash on the last day of the original term of this Lease.

(c) Provided that this Lease has not been earlier terminated, the Lessee is not in default hereunder and the Lessee has not exercised the option under paragraph (a) or the option under paragraph (b) of this Section 13, the Owner shall, for a period of 180 days prior to the end of the original term of this Lease, use its best efforts (but shall not be obligated) to sell all of the Units at the best price available. The net proceeds of any such sale, after the deduction of all reasonable sale expenses, shall be distributed as provided in paragraph (d) of this Section 13. On the last day of the original term of this Lease, the Lessee shall pay to the Owner an amount equal to 9.511950% of the aggregate Purchase Price of all Units then subject to this Lease.

(d) If the Owner is unable to effect a sale of all the Units then covered by this Lease during the 180-day period provided for in paragraph (c) of this Section 13, the Lessee will return the Units to the Owner as provided for in Section 14 hereof and the Owner will continue to use its best efforts to sell such Units. In the case of any sale of Units pursuant to paragraph (c) or this paragraph (d) of this Section 13, the net proceeds thereof shall be distributed at the time of such sale as follows: (i) if such net sale proceeds exceed 31.37337% of the aggregate Purchase Price of the Units sold, the Owner will pay the Lessee the lesser of 9.511950% of the aggregate Purchase Price of the Units sold or an amount by which such net sale proceeds

an amount by which such net sale proceeds exceed 31.37337% of the aggregate Purchase Price of the Units sold; or (ii) if such net sale proceeds are less than 31.37337% of the aggregate Purchase Price of the Units sold, the Lessee will pay to the Owner the lesser of 6.37337% of the aggregate Purchase Price of the Units sold or the amount by which such net sale proceeds are less than 31.37337% of the aggregate Purchase Price of the Units sold.

SECTION 14. Return of Units upon Expiration of Term. On or prior to the termination of the term of this Lease or as soon as practicable on or after the termination of the term of this Lease and in any event not later than 90 days after the termination of the term of this Lease the Lessee will, at its own cost and expense, at the request of the Owner, cause each Unit to be transported to such point or points (not in excess of three) as shall be reasonably designated by the Owner immediately prior to such termination and arrange for the Owner to store each Unit on any lines of railroad or premises approved by the Owner for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 180 days from the date at which at least 90% of the Units are first placed in storage pursuant to this Section 14; the assembly, delivery, storage and transporting of the Units to be at the expense and risk of the Lessee, and the Lessee will during this period maintain the insurance required by Section 7 of this Lease to be maintained. During any such storage period the Lessee will permit the Owner or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. If any of the Units suffers a Casualty Occurrence during any storage period provided for in this Section 14, the Lessee shall pay to the Owner 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 Lease as to such Unit, belong to and be the property of the Owner. In the event that by the 90th day after the termination of the original or any extended term of this Lease the Lessee has not, at the request of the Owner, caused at least 90% of the Units to be transported to such point or points as shall have been designated by the Owner pursuant to this Section 14, the Lessee shall pay to the Owner an amount equal to the daily equivalent of the average annual rental payable in the last year of this Lease multiplied by the number of such Units equal to the difference between 90% of such Units and the number of such 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 such Units have been so transported. If, after the 180th day after the termination of this Lease, any of such Units have not been so transported, the Lessee shall pay to the Owner an amount equal to the daily equivalent of the average annual rental payable in the last year of this Lease for each such Unit not so transported for each day after the end of such period until such Unit or Units have been so transported.

At the time of its return, each Unit shall:

1. be in good working condition suitable for the purpose for which it was designed and intended;
2. bear air brake test stencil dates which shall be valid for a period of at least 18 months from the date of termination;
3. have air brake systems in good operating condition with brake shoes having not more than 60% wear;
4. have all safety appliances, handholds, grab irons, walkways and other appurtenances in conformance with all applicable regulations and requirements;
5. have all emergency brakes in safe operating condition;
6. have couplers, draft gear and articulated joints in good operating condition without excessive wear;
7. have constant contact bearings with not more than 60% wear;

8. have lubrication at all points as recommended by the manufacturer of the car, wheel set, truck, and articulated joint;
9. have wheel, axles and wheel bearings which are not:
 - a. cracked, warped or broken;
 - b. out of round or run flat;
 - c. worn out or in otherwise un-serviceable condition; and
10. have a body structure which is painted and which is free of cracks, excessive corrosion or other damage which may lead to structural failure.

With respect to a Unit which is equipped with retractable bulkheads for the securing of containers, upon its return each such Unit shall:

1. have all bulkheads lubricated and in good operating condition.

With respect to a Unit which is equipped with Inter Box Connectors (IBC's) for the securing of containers, upon its return each such Unit shall:

1. have a full complement of IBC's secured to such Unit; such IBC's will be removed for safekeeping to a secured proper storage location;
2. have IBC's in good working condition and of the same or similar design as those originally supplied with such Unit (unless changed in accordance with Section 9).

The Lessee shall be solely responsible for paying for all repairs, replacements and additions required as a consequence of an inspection performed by the Owner upon the receipt of such Unit on or before termination, which repairs, replacements and additions shall be effectuated as quickly as possible by a repair facility of the Lessee's choice.

Upon the expiration of the original term of this Lease on January 2, 1997, if the Lessee shall decide not to exercise the renewal option provided by the first paragraph of Section 13 hereof, the Lessee will deliver to the Owner a certificate of an officer of the Lessee to the effect that (a) no Event of Default or any event which with lapse of time or notice or both would constitute an Event of Default

had occurred or was continuing as of said date; (b) no liens, charges, security interests or other encumbrances (except an encumbrance resulting from claims against the Owner) were, as of said date, imposed on or with respect to any Unit, any accession thereto, or the interest of the Owner therein; (c) the Units have been returned to the Owner pursuant to this Section 14 in the same operating order, repair and condition required by this Section 14 and (d) the Lessee no longer has any interest in the Units under the Lease or otherwise. If a certificate of an officer of the Lessee is required to be furnished pursuant to the preceding sentence, the certificate described in clause (a) in the preceding sentence shall be furnished on said date, and the certificates described in clauses (b), (c) and (d) in the preceding sentence shall be furnished on a monthly basis, beginning one month later, and such certificate shall cover each such 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 Lease, if the Lessee shall decide not to exercise any further renewal option, or if the Lessee shall have no such further renewal option, the Lessee shall deliver to the Owner a certificate of an officer of the Lessee to the foregoing effect, with such conforming changes as shall be appropriate under the circumstances.

SECTION 15. Recording. The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment, the Lease Assignment and any assignment hereof or thereof to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and deposited with the Registrar General of Canada (and notice of such deposit to be given forthwith in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. The Lessee will, at its own expense, undertake the filing, registering, deposit, and recording required of the Owner under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Owner's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA or the Lease Assignment; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (1) the Lessee deems such action to be unduly burdensome,

(2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Owner to and the security interest of the Vendor in Units having a Purchase Price (as defined in Article 4 of the CSA) of not less than 85% of the aggregate Purchase Price of all the Units then subject to this Lease, and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in Section 5 hereof.

The Lessee will promptly furnish to the Vendor and the Owner evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Owner.

SECTION 16. Provisions Concerning Subordinated Notes; Merger and Consolidation. It is the intention of the parties hereto, and the Lessee hereby represents and warrants to such effect, that the obligations of the Lessee under this Lease shall be superior in right of payment to all the Lessee's Thirty-Year Subordinated Notes sold or to be sold pursuant to a Note Purchase Agreement dated as of January 1, 1967, between the Lessee and certain of its stockholders. The Lessee agrees that if an Event of Default exists hereunder or an event of default exists under the CSA or any event which, with the giving of notice or the lapse of time, or both, would constitute such an Event of Default or an event of default, shall have occurred and be continuing, the Lessee will not voluntarily prepay or retire any of such Notes.

The Lessee agrees not to merge or consolidate with any other corporation unless the survivor of such merger or consolidation shall be a solvent corporation organized under the laws of the United States of America or State thereof or the District of Columbia and such survivor (if not the Lessee) shall assume all the obligations and liabilities of the Lessee hereunder, under the Participation Agreement and under the Consent.

SECTION 17. Obligations of Owner Under CSA; Additional Rentals. In the event that the Owner shall become obligated to make any payment (other than payments in settlement for any Unit or the principal of or interest on the CSA Indebtedness in respect thereof pursuant to the CSA and pursuant to the proviso to the third paragraph of Article 12 thereof) or to perform any obligations pursuant to the CSA not covered by the provisions of this Lease, the

Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Owner's obligations (other than as aforesaid) pursuant to the CSA shall be fully complied with, without regard for any limitation of liability of the Owner contained in the CSA.

SECTION 18. Owner's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Owner may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Owner incurred in connection with such performance or compliance, together with interest on such amount at the rate of 11.35% per annum, shall be payable by the Lessee upon demand. No such performance or compliance by the Owner shall be deemed a waiver of the rights and remedies of the Owner against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

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 Lessee promptly to pay an amount equal to interest at a rate of 11.35% 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 any party hereto to any other party or parties shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a Business Day, otherwise on the next Business Day), if transmitted by mail, telex, telecopy or similar transmission, or by hand, addressed as follows:

if to the Owner, at 1 Oxford Centre, Pittsburgh, Pennsylvania 15219, attention of Vice President, Lease Operations;

if to the Lessee, at 101 North Wacker Drive, Chicago, Illinois 60606, attention of Vice President and Treasurer;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above or so furnished for

such party. Any notice to the Lessee by the Vendor regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner.

SECTION 21. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator or stockholder, as such, past, present or future, of the Owner, the Vendor or the Lessee, or against the Owner, whether by virtue of any constitutional provisions, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provisions, statute or otherwise, of incorporators and stockholders, as such, being forever released as a condition of and as consideration for the execution of this Lease.

SECTION 22. Severability; Effect and Modification of Lease; Third Party Beneficiaries. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof; and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Owner and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto, except the Participation Agreement. Subject to the last sentence of the second paragraph of Article 21 of the CSA, no variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Owner and the Lessee.

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor, the Investors and the permitted successors and assigns of such parties, 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. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the

counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual 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 24. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, such additional rights arising out of the filing, recording or depositing of this Lease and any assignment hereof as shall be conferred by the laws of the several jurisdictions in which the same shall be filed, recorded or deposited, or in which any Units shall be located, and any rights arising out of the markings on the Units.

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

TRAILER TRAIN COMPANY,

by

[Corporate Seal]

Vice President and
Treasurer

Attest:

Assistant Secretary

WESTINGHOUSE CREDIT CORPORATION,

by

[Corporate Seal]
Attest:

Vice President,
Lease Operations

Secretary

STATE OF ILLINOIS)
) ss.:
COUNTY OF COOK)

On this day of December 1986, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires

COMMONWEALTH OF PENNSYLVANIA)
) ss.:
COUNTY OF ALLEGHENY)

On this day of December 1986, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President, Lease Operations, of WESTINGHOUSE CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires

Schedule A to Lease No. 29

Type	Builder's Specifications	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time of Delivery
Gunderson, Inc.:						
Five-Unit Container	T-4085-F	20	\$173,485.00	\$3,469,700.00	63179-63198	Feb.-Mar. 1986
Well Cars	T-4085-F	2	\$169,585.00	\$339,170.00	63199-63200	May, 1986
	T-4086-F	35	\$165,685.00	\$5,798,975.00	63201-63235	July-Aug. 1986
	T-4086-F	30	\$169,585.00	\$5,087,550.00	63236-63265	Oct.-Nov. 1986
Trinity Industries, Inc.:						
Five-Unit Container	T-4085-P	5	\$127,375.00	\$636,875.00	64000-64004	Sept.-Oct., 1986
Well Cars						
Thrall Car Manufacturing Co.:						
Five-Unit Container	T-1285-T	20	\$144,136.00	\$2,882,720.00	62140-62159	Feb., 1986
Well Cars	T-5085-T	20	143,530.07	2,870,601.40	62160-62179	May-June, 1986
	T-5085-T	20	147,250.07	2,945,001.40	62180-62199	April-May, 1986
	T-3085-T	40	149,290.07	5,971,602.80	62200-62239	June-July, 1986
	T-5085-T	10	147,380.07	1,473,800.70	62240-62249	May-June, 1986
	T-5085-T	10	145,280.07	1,452,800.70	62250-62259	June, 1986
	T-4086-T	3	147,380.03	442,140.09	62260-62262	June, 1986
	T-4086-T	25	146,230.07	3,655,751.75	62263-62287	August, 1986
	T-4086-T	96	149,090.07	14,312,646.71	62288-62383	Aug.-Sept., 1986
	T-4086-T	16	145,775.67	2,332,410.72	62384-62399	Oct. 1986
	T-4086-T	44	149,585.67	6,581,769.48	62400-62443	Oct.-Nov., 1986
	T-4086-T	20	147,985.00	2,959,700.00	62444-62463	Dec. 1986

\$63,213,215.75

416

Schedule B to
the Lease

<u>Rental Date</u>	<u>Percentage of Purchase Price*</u>
1/2/87	0.0000000
7/2/87	0.0000000
1/2/88	9.5487233
7/2/88	2.6208072
1/2/89	6.9279161
7/2/89	0.0000000
1/2/90	9.5487233
7/2/90	0.0264981
1/2/91	9.5222252
7/2/91	3.2175282
1/2/92	14.5893312
7/2/92	3.4125257
1/2/93	9.5375061
7/2/93	2.1331557
1/2/94	10.3858446
7/2/94	1.2848172
1/2/95	10.8072105
7/2/95	0.8634513
1/2/96	11.2675938
7/2/96	0.4030680

Optional Two-Year Renewal Period:

1/2/97	11.6706618
7/2/97	0.0000000
1/2/98	11.4974235
7/2/98	0.1732383

*As defined in Article 4 of the CSA.

Casualty Values*

<u>Basic Rental Payment Date</u>	<u>Percentage</u>
1/2/87	100.00859
7/2/87	104.36563
1/2/88	105.55616
7/2/88	99.69644
1/2/89	100.67042
7/2/89	97.07477
1/2/90	100.39354
7/2/90	93.75667
1/2/91	96.61295
7/2/91	89.58086
1/2/92	88.83600
7/2/92	76.23817
1/2/93	74.80755
7/2/93	66.98654
1/2/94	66.65124
7/2/94	57.79119
1/2/95	58.15227
7/2/95	48.69742
1/2/96	49.32710
7/2/96	39.24187

Optional Two-Year Renewal Period:

1/2/97	40.88532
7/2/97	30.16436
1/2/98	31.31948
7/2/98	20.37540
1/2/99	20.83178

* The Casualty Value of each Unit as of any date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite such date. Such percentages take into account a rental factor so that the Lessee will not be required to pay any rental on the applicable Basic Rental Payment Date and will not be entitled to any rebate of any rental paid in advance.