

RECORDATION NO. 1 5137 Filed & Recorded

DEC 23 1986 3-50 PM CRAVATH, SWAINE & MOORE

LAURANCE V. GOODRICH INTERSTATE COMMERCE COMMISSION

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

TELEPHONE 212 422-3000  
TELETYPE 212 422-3000  
RCA 233883  
WUD 125547  
WUI 620976  
TRT 177149

RECORDATION NO. 1 5137 Filed & Recorded  
DEC 23 1986 3-50 PM  
INTERSTATE COMMERCE COMMISSION

No. 6-357A085  
Date DEC 23 1986  
Fee \$ 20.00

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DEC 23 1986 3-50 PM  
INTERSTATE COMMERCE COMMISSION

ABLE ADDRESSES  
CRAVATH, N. Y.  
CRAVATH, LONDON E. C. 2  
2 BONY LANE, CHEAPSIDE  
LONDON E.C. 4A, ENGLAND  
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FAX/INFOTEC:  
1-606-1425

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

*for Mrs Lee*

DEC 23 1986 3-50 PM  
INTERSTATE COMMERCE COMMISSION

*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:

*New Number*

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

*- A*

(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.

*- B*

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

*- C*

(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.

*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		Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time of Delivery
			Base Price	Base Price			
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

OFFICE OF THE SECRETARY

12/24/86

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 recordation number(s). 15137, 15137-A, 15137-B & 15137-C

Sincerely yours,

*Noreta R. McGee*  
Secretary

Enclosure(s)

1 5137 *B*  
RECORDATION NO. \_\_\_\_\_ Filed & Recorded

DEC 23 1986 3-50 PM

INTERSTATE COMMERCE COMMISSION

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[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.

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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, 1992, 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

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 of 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 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, 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

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 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

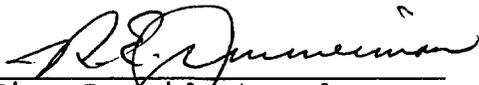
counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments 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

  
\_\_\_\_\_  
Vice President and  
Treasurer

[Corporate Seal]

Attest:

  
\_\_\_\_\_  
Assistant Secretary

WESTINGHOUSE CREDIT CORPORATION,

by

\_\_\_\_\_  
Vice President,  
Lease Operations

[Corporate Seal]

Attest:

\_\_\_\_\_  
Secretary

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

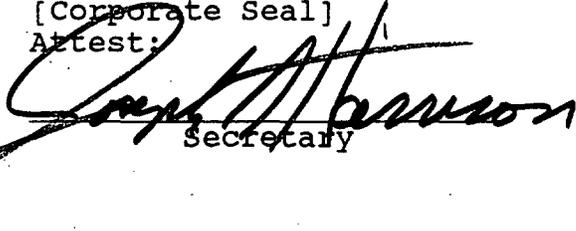
WESTINGHOUSE CREDIT CORPORATION,

by

[Corporate Seal]

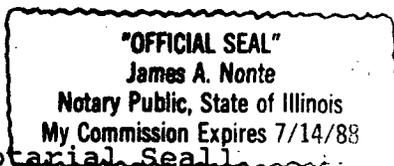
Attest:

  
\_\_\_\_\_  
Vice President,  
Lease Operations

  
\_\_\_\_\_  
Secretary

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

On this 22<sup>nd</sup> 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

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            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 22<sup>ND</sup> 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 Dellehey*  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission Expires 11/30/89

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

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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

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\*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

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\* 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.