

CHICAGO AND



TRANSPORTATION COMPANY

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13014

File No. A-11490

RECORDATION NO. \_\_\_\_\_ FILED 1428

No. 1-086A071

March 24, 1981

MAR 27 1981 - 1 25 PM

Date MAR 27 1981

Fee \$ 50.00

INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

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MAR 27 1 17 PM '81  
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Ms. Agatha L. Mergenovich  
Secretary  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Dear Ms. Mergenovich:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Lease of Railroad Equipment dated January 15, 1981, covering railroad equipment.

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

The Connecticut Bank and Trust Company, One Constitution Plaza, Hartford, Connecticut 06115, Lessor, and Chicago and North Western Transportation Company, 400 West Madison Street, Chicago, Illinois 60606, Lessee.

Enclosed is our check for \$50.00 to cover your recording fee. Keep one counterpart for your files and return the other counterparts showing your recordation data.

Very truly yours,

J. S. Edwards  
Assistant Secretary

Enclosures

cc: J. A. Barnes  
G. R. Charles - L-326  
R. D. Smith

M. H. Shumate  
R. F. Guenther, Attn:  
J. James

D. E. Stockham, Attn: P. J. Brod  
Arthur Andersen & Co.  
Attn: G. Holdren

Clarence Manning &  
Dennis Osmitz  
Sidley & Austin  
One First National Plaza  
Chicago, Illinois

*Clarence Manning - R. David Wilderlain*

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LEASE OF RAILROAD EQUIPMENT

13014

RECORDATION NO. .... FILED 1426

Dated as of January 15, 1981

MAR 27 1981 - 1 25 PM

INTERSTATE COMMERCE COMMISSION

Between

THE CONNECTICUT BANK AND TRUST COMPANY,  
not in its individual capacity but  
solely as Owner Trustee,  
as Lessor

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,  
as Lessee

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1981-A Work Equipment Trust

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LESSOR HAS ASSIGNED TO MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS SECURITY TRUSTEE, ALL ITS RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE. TO THE EXTENT, IF ANY, THAT THIS LEASE CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE MAY BE CREATED BY THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE COUNTERPART CONTAINING THE RECEIPT THEREFOR EXECUTED BY SECURITY TRUSTEE ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE HEREOF.

# LEASE OF RAILROAD EQUIPMENT

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Annex A. -- Description of Equipment

THIS LEASE OF RAILROAD EQUIPMENT dated as of January 15, 1981 between THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called "Lessor") under a Trust Agreement dated as of the date hereof (hereinafter called the "Trust Agreement") with Walter E. Heller & Company, a Delaware corporation (hereinafter, together with its successors and assigns permitted by the Trust Agreement, called "Owner"), and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (hereinafter called "Lessee").

W I T N E S S E T H:

WHEREAS:

(a) Lessor, Owner, Lessee, Mercantile-Safe Deposit and Trust Company, a Maryland corporation, as Trustee (hereinafter, together with its successors and assigns, called "Security Trustee") under the Security Agreement referred to below, and The Equitable Life Assurance Society of the United States (hereinafter called the "Note Purchaser") are entering into a Participation Agreement dated as of the date hereof (hereinafter called the "Participation Agreement") relating to the financing of the purchase of the Equipment referred to below. The commitment of the Note Purchaser is to be evidenced by Lessor's 14.875% Secured Equipment Notes (hereinafter called the "Notes") to be issued under and secured by the Security Agreement. The holders of the Notes from time to time are hereinafter called the "Noteholders".

(b) Lessor and Lessee are entering into a Purchase Agreement Assignment dated as of the date hereof (hereinafter called the "Assignment"), in substantially the form of Exhibit B to the Participation Agreement, pursuant to which Lessee assigns to Lessor its rights under various purchase orders and agreements to acquire maintenance-of-way work equipment (hereinafter called the "Equipment"), which is more particularly described in Annex A hereto; provided, however, that such term shall not include any unit excluded from the Assignment in accordance with the terms thereof.

(c) Lessor and Security Trustee are entering into a Trust Indenture and Security Agreement dated as of the date hereof (hereinafter called the "Security Agreement"), in substantially the form of Exhibit C to the Participation Agreement, pursuant to which Lessor will provide for the issue of the Notes and Security Trustee will hold the right, title and interest of Lessor in and to the Equipment, certain of Lessor's rights in, to and under this Lease and certain other property as security for the Notes.

(d) Lessee desires to lease all the units of the Equipment, or such lesser number as are delivered, accepted and settled for under the Assignment, at the rentals and upon the terms and conditions hereinafter stated (such units as are delivered, accepted and settled for under the Assignment being hereinafter called the "Units").

NOW, THEREFORE, in consideration of the premises and intending to be legally bound hereby, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Units upon the following terms and conditions:

SECTION 1. Net Lease. This Lease is a net lease and Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off, counterclaim, recoupment or defense against rent, including, but not limited to, abatements, reductions, set-offs, counterclaims, recoupments or defenses due or alleged to be due by reason of any past, present or future claims of Lessee against Lessor, Owner, the Noteholders or any other person for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of Lessee be otherwise affected, nor shall any obligation for payment under Section 14 of the Participation Agreement be affected, by reason of any defect in the title, condition, design, operation or fitness for use of any Unit or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause and of whatever duration, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against 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 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 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, 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 Lessee hereunder shall be final, and Lessee shall not seek to recover all or any part of such payment from Lessor for any reason whatsoever, except as to the amount of any payment made by Lessee in excess of the amount required to be paid by Lessee pursuant to this Lease.

SECTION 2. Delivery and Acceptance of Units.

Lessor hereby appoints Lessee as its agent for the inspection and acceptance of, and the approval of all invoices relating to, the Units pursuant to the Assignment. Lessor will cause each Unit to be delivered to Lessee at the point or points within the United States of America at which such Unit is delivered to Lessor under the Assignment. Upon such delivery, Lessee may cause an authorized representative of Lessee (who may be an employee of Lessee) to inspect the same and, in any event, if such Unit is acceptable, Lessee shall accept delivery of such Unit and execute and deliver to Lessor (with a copy thereof to Security Trustee) a certificate of acceptance (hereinafter called a "Certificate of Acceptance"), stating that such Unit has been inspected (or that inspection of such Unit is waived) and accepted on behalf of Lessee and Lessor on the date of such Certificate of Acceptance and is marked in accordance with Section 5 of this Lease, whereupon such Unit shall be deemed to have been delivered to and accepted by Lessee hereunder, shall (without limiting Section 10) as between Lessor and Lessee be conclusively presumed to comply with the specifications, requirements and standards applicable thereto pursuant to the Assignment and the related Purchase Agreements (as defined in the Assignment) and to be in good working order and repair without inherent vice or defect in title, condition, design, operation or fitness for use and shall thereafter be subject to all the terms and conditions of this Lease.

Notwithstanding the delivery to and acceptance by Lessee of the Units and their possession and use by Lessee hereunder, Lessor shall and does retain the full legal title to and property in all of the Units, it being expressly understood that this Lease is an agreement of lease only.

SECTION 3. Rentals. Lessee agrees to pay to Lessor, as rental for all Units subject to this Lease, a payment on the Cut-Off Date (as defined in the Participation Agreement) and 17 consecutive semi-annual payments on May 15 and November 15 in each year, commencing November 15, 1981, as follows:

(A) The rental payment due on the Cut-Off Date shall be an amount which will, together with any income and proceeds available from Investments pursuant to Section 3.01 of the Security Agreement, enable Security Trustee to pay any interest on and principal of the Notes then due pursuant to Section 5.02 of the Security Agreement and Section 9 of the Participation Agreement.

(B) The rental payment due on November 15, 1981 for each Unit then subject to this Lease shall be in an amount equal to (i) .0413194% or (ii) 1/360th of the "prime rate" generally charged by Citibank, N.A. to its most creditworthy corporate borrowers for 90-day loans, whichever of such rates referred to in items (i) or (ii) on any day shall be higher (hereinafter called the "Formula Rate"), times the Purchase Price (as defined in the Assignment) of such Unit times the number of days elapsed from the Closing Date (as defined in the Assignment) for such Unit through November 15, 1981; plus any such additional amount as will, together with any income and proceeds available from Investments pursuant to Section 3.01 of the Security Agreement, enable Security Trustee to pay any interest on the Notes then due.

(C) The next 16 semi-annual rental payments for each Unit then subject to this Lease shall each be in an amount equal to 8.6150083% times the Purchase Price of such Unit.

If (i) the delivery dates, the Closing Dates or the aggregate amount of Purchase Prices of the Units paid on any Closing Date are different than:

<u>Delivery Dates</u>	<u>Closing Dates</u>	<u>Purchase Price of Equipment Settled For</u>
3/15/81	4/15/81	\$1,500,000
4/15/81	5/15/81	\$1,500,000
5/15/81	6/15/81	\$1,500,000
6/15/81	7/15/81	\$1,500,000

or (ii) a change in the Internal Revenue Code of 1954, as amended, is enacted or becomes effective on or before the date the last Unit is delivered and placed under this Lease, or a change in the federal income tax regulations, administrative interpretations thereof or judicial decisions thereunder is both published and becomes effective on or before the date the last Unit is delivered and placed under this Lease (including but not limited to an increase in the investment tax credit or in the allowances for depreciation), and the difference in each case, in the reasonable opinion of Owner, results in a difference in Owner's pre-tax rate of return or net after-tax cash flow, then Lessor and Lessee agree that the Basic Rent and the Casualty Value percentages set forth in Section 7 will be appropriately increased or decreased, as the case may be, in order that Owner's pre-tax rate of return and net after-tax cash flow (computed on the same

assumptions, including, without limitation, federal and state tax rates, as were utilized by Owner in originally evaluating the transactions contemplated by the Participation Agreement) will not be increased or decreased by reason thereof; provided, however, that the Basic Rent and Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of Lessor under the Security Agreement, notwithstanding any limitation on Lessor's liability expressed therein; and provided further that if the Basic Rent and Casualty Value percentages are required to be reduced but due to constraints imposed by the need to satisfy the economic tests set forth in Rev. Procs. 75-21 and 75-28 or the preceding proviso cannot be reduced in an amount sufficient to maintain Owner's pre-tax rate of return and net after-tax cash flow, Owner agrees, to the extent such reduction cannot be made, to pass-through to Lessee investment tax credits with respect to such number of Units as will cause the investment tax credit and depreciation available to Owner from the transactions contemplated by the Participation Agreement to equal the investment tax credit and depreciation which would have been available to Owner had the increase in investment tax credit or in the allowances for depreciation not become available.

If any of the semi-annual rental payment dates referred to above is not a Business Day, the semi-annual rental payment otherwise payable on such date shall be payable on the next preceding Business Day. The term "Business Day" means any calendar day, excluding Saturday, Sunday and any other day on which banking institutions in Chicago, Illinois or Baltimore, Maryland are authorized or obligated to remain closed.

All payments provided for in this Lease shall be made in immediately available funds.

Lessee agrees that it will not take any action or omit to take any action which would result in a delay or hindrance in or prohibition of the orderly flow of rental payments (or the application thereof) as contemplated by this Section 3, and further agrees that if, for any reason whatsoever, such a delay, hindrance or prohibition should occur or be threatened, Lessee will promptly use its best efforts to eliminate such delay, hindrance or prohibition.

So long as any of the Notes are outstanding, Lessor irrevocably instructs Lessee to make all the payments (other than payments owing to Lessor or Owner pursuant to Sections 6 and 10, which shall be made directly to Lessor or Owner, as the case may be) provided for in this Lease at the Corporate Trust Office of Security Trustee (as defined in

the Security Agreement), to account number 08246-5 with advice of payment to the Corporate Trust Department re: C&NW 1-15-81, for the account of Lessor, in care of Security Trustee, with instructions to Security Trustee: first, to apply such payments to satisfy the obligations of Lessor under the Security Agreement known to Security Trustee to be due and payable on the date such payments are due and payable hereunder and, second, so long as no Default or Event of Default under the Security Agreement shall have occurred and be continuing, to pay any balance promptly to Lessor at such place as Lessor shall specify in writing, unless and until Lessor shall otherwise direct Security Trustee in writing. Lessee agrees that no payments shall be made to Lessor or Owner pursuant to Section 6 or 10 or the Tax Indemnification Agreement (as defined in the Participation Agreement) unless concurrently therewith or prior thereto Lessee shall pay or there shall have been paid to Security Trustee and the Noteholders all amounts which are then due to Security Trustee and the Noteholders under the provisions of this Lease, including this Section 3; the making of such concurrent payment is of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, Security Trustee or any Noteholder shall be entitled to a decree against Lessee requiring specific performance of the same.

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 and, subject to the provisions of Sections 7, 11, 14 and 15, shall terminate on November 15, 1989.

Anything herein to the contrary notwithstanding, upon the occurrence and during the continuance of an Event of Default hereunder, all rights of Lessee under this Lease and in and to the Units are subject to the rights of Security Trustee under the Security Agreement.

SECTION 5. Identification Marks. Lessee will cause each Unit to be kept numbered with the identifying numbers as set forth in Annex A hereto, or in the case of any Unit not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Owned by and Leased from a Bank or Trust Company, as Owner Trustee, and subject to a Security Agreement" or other appropriate words designated by Lessor and/or Security Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and property in

such Unit and the rights of Lessor under this Lease and of Security Trustee under the Security Agreement. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. Lessee will not change 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 Security Trustee and Lessor and filed, recorded, registered and deposited by Lessee in all public offices where this Lease and the Security Agreement shall have been filed, recorded, registered and deposited and (ii) Lessee shall have furnished Security Trustee and Lessor an opinion of counsel for Lessee with respect thereto satisfactory to Security Trustee and Lessor.

Except as provided in the immediately preceding paragraph, 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 Units may be lettered with the name or initials or other insignia customarily used by Lessee.

SECTION 6. Taxes. (a) All payments to be made by Lessee hereunder will be free of expense to Lessor (in both its individual and fiduciary capacities), Security Trustee, the Trust Estate (as defined in the Security Agreement), the Noteholders and Owner (including their respective successors, assigns, agents and servants) from collection or other charges and will be free of expense to Lessor (in both its individual and fiduciary capacities), Security Trustee, the Trust Estate, the Noteholders and Owner (including their respective successors, assigns, agents and servants) with respect to the amount of any Impositions, all of which Lessee assumes and agrees to pay on demand in addition to the other payments to be made by Lessee hereunder. The term "Impositions" means all federal, state, local or foreign taxes, license fees, assessments and documentary stamps taxes, including, without limitation, sales, use, personal property, excise, stamp, interest equalization, withholding and other taxes, levies, imposts, duties, charges or withholdings of any nature, and any charges, fines or penalties in connection therewith, now or hereafter levied or imposed upon or in connection with or measured by any Unit or this Lease or any rentals or other sums payable hereunder, or any purchase, sale, ownership, rental, possession, use, shipment, delivery, non-delivery, rejection, transfer of title, return or other disposition of the Units or any interest therein,

under the terms hereof or the Assignment (other than a transfer or disposition of any Unit or interest therein by Lessor or Owner or of Lessor's or Owner's interest in this Lease or the rentals or other sums payable hereunder, other than to Security Trustee, prior to the occurrence of an Event of Default, whether such transfer or disposition is voluntary or involuntary, or following the return of any Unit in accordance with Section 15), except: (i) any tax of the United States of America imposed on or measured by net income or excess profits (other than the net income or excess profits of Lessee), or any value added or gross receipts tax hereinafter imposed in lieu of such tax; (ii) in the case of Lessor or Owner, the aggregate of all state or local taxes imposed on or measured by the net income of Owner or Lessor based on any rentals or other sums payable under this Lease, or any value added or gross receipts tax in lieu of any such tax, up to the amount of any such tax which would be payable to the state and city in which Owner or Lessor, as the case may be, has its principal place of business without apportionment to any other state or city, and, in the case of any other party, all state or local taxes imposed on or measured by net income, or any value added or gross receipts tax in lieu of any such tax; (iii) any state franchise tax which is not based on or measured by net income; (iv) any taxes of a state or political subdivision thereof computed other than on net income and imposed in substitution for any tax referred to in clause (ii) or (iii) above; and (v) any foreign income tax to the extent that the recipient of any payments made hereunder shall receive credit therefor against its United States Federal income tax liability; but including such of the foregoing as are levied or imposed in substitution for, or relieve Lessee from the payment of, such taxes, fees, assessments, charges, fines or penalties which it would otherwise be obligated to pay or reimburse as provided in this Section 6(a). Notwithstanding the foregoing, Owner shall have no right to receive any payment from Lessee in the nature of an indemnity payment with respect to an Imposition to the extent that Owner shall have recourse to Lessor for the amount of such payment under the Trust Agreement or otherwise. Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the receipts or earnings arising therefrom or upon Lessor by reason of its ownership thereof or Owner by reason of its interest therein, and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of Lessor or the interest of Owner or Lessor or result in a lien upon any such Unit; Lessee, however, shall be under no obligation to pay any Imposition of any kind so long as such Imposition remains unpaid and Lessee shall be contesting such Imposition in its own name

in good faith and by appropriate legal or administrative proceedings, or Lessor, Owner, Security Trustee or the Noteholders, as the case may be, shall be required to contest such Impositions as provided in this Section 6, and the nonpayment thereof, in the reasonable opinion of such party, shall not adversely affect the title, property or rights of Lessor or Owner hereunder or Lessor or Security Trustee under the Security Agreement. Lessee shall give such party notice of such contest brought in Lessee's name within 30 days after institution thereof, and such party will provide such information as may be reasonably requested by Lessee in furtherance of such contest. If any Imposition shall have been charged or levied against such party directly and paid by such party, Lessee shall pay such party on presentation of an invoice therefor, if such party shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for such party) or if Lessee shall have approved the payment thereof, and such party agrees to give Lessee written notice in a timely manner after it first obtains knowledge of the making of such charge or levy, and agrees to take such other action as may reasonably be requested by Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such Imposition, as hereinafter provided in this Section 6.

(b) If any return, statement or report with respect to Impositions relating to a Unit is required to be made, Lessee will make such return, statement or report in such manner as to show the interests of Lessor, Owner and Security Trustee in such Unit to their satisfaction; if such interest may not be so shown, Lessee will notify Lessor, Owner and Security Trustee thereof and prepare and deliver such return, statement or report to Lessor, Owner and Security Trustee within a reasonable period of time prior to the time the same is to be filed and in such manner as shall be satisfactory to Lessor, Owner and the Security Trustee.

(c) The liability of Lessee for the payment or reimbursement of any Imposition pursuant to this Section 6 shall survive the expiration or termination of this Lease and the return of the Units as provided in Section 12 or 15 with respect to all Impositions existing prior to such expiration or termination and return or relating to such period; and such liability shall continue until all such Impositions are paid or reimbursed by Lessee, notwithstanding the expiration or termination of this Lease.

(d) If a claim shall be made against Lessor (in its individual or fiduciary capacity), Owner, Security Trustee, the Noteholders or their respective successors, assigns, agents and servants (each of Lessor, Owner, the

Security Trustee and the Noteholders, together with their respective successors, assigns, agents and servants, being called an "Indemnified Party") for the payment of what could be an Imposition, such Indemnified Party shall notify Lessee in a timely manner. If reasonably requested by Lessee in writing and so long as Lessee is prohibited or impaired from doing so in its own name, such Indemnified Party, upon receipt of an 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 Lessee, shall contest in good faith the validity, applicability or amount of such Imposition by (i) resisting payment thereof if legally permissible, (ii) not paying the same except under protest, if protest is necessary and proper, or (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or any thereof. If such Indemnified Party shall obtain a refund of all or any part of such Imposition previously reimbursed by Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by Lessee and the period of such payment, such Indemnified Party shall pay to Lessee the amount of such refund or interest, net of expenses, but only if no Event of Default or other event (hereinafter called a "Default") which, with notice, demand and/or lapse of time, would constitute such an Event of Default, shall have occurred and be continuing.

(e) Lessee, whenever reasonably requested by such Indemnified Party, shall submit to such Indemnified Party copies of the returns, statements, reports, billings and remittances referred to above, or furnish other evidence satisfactory to such party of Lessee's performance of its duties under this Section 6. Lessee shall also furnish promptly upon request such data as such party reasonably may require to permit such party's compliance with the requirements of taxing jurisdictions, including data available to Lessee relating to use of any Unit outside the continental United States.

(f) The amount which Lessee shall be required to pay with respect to any Imposition which shall be subject to indemnification under Section 6(a) or 6(d) shall be an amount sufficient to restore such Indemnified Party to the same net after-tax rate of return, after considering the effect of such payment on its United States Federal income taxes and income taxes or franchise taxes of any state or political subdivision thereof based on net income, that such Indemnified Party would have been in had such Imposition not been imposed.

(g) The foregoing indemnities by Lessee shall not constitute a guarantee by Lessee or any subsidiary or affiliated corporation of Lessee of the payment of any instalments of principal or interest payable under the Notes, or a guarantee of any residual value of the Units following the expiration of the term hereof as such term may or may not be extended.

SECTION 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit or Units shall become worn out, lost, stolen, destroyed, irreparably (in the good faith and reasonable opinion of Lessee) damaged from any cause whatsoever, remains in an inoperable condition for a period of six months or rendered permanently unfit for use, or shall be taken or requisitioned by condemnation or otherwise, except any requisition which by its express terms is for a period less than the term of this Lease (such occurrences being hereinafter called "Casualty Occurrences"), during the term of this Lease (including any extended term), Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify Lessor and Security Trustee with respect thereto. Lessee shall bear the risk of any Casualty Occurrence to any Unit. When any Unit or Units shall have suffered a Casualty Occurrence, on the rental payment date next succeeding such notice, Lessee shall (i) pay to Lessor an amount equal to the rental payment or payments in respect of such Unit or Units due and payable on such date, plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit or Units as of the date of such payment in accordance with the schedule set out below and (ii) deliver to Lessor and Security Trustee a certificate signed by its President or any Vice President setting forth the portion of such Casualty Value which shall equal the "Unamortized Debt Commitment" (as defined in the Security Agreement) of such Unit or Units. Upon (but not prior to) the making of such payment by Lessee in respect of any Unit or Units, the rental for such Unit or Units shall thereafter cease, the term of this Lease as to such Unit or Units shall terminate and Lessor shall be entitled to recover possession of such Unit or Units. Lessor hereby appoints Lessee as its agent to dispose of any Unit or Units suffering a Casualty Occurrence at the best price obtainable on an "as is, where is" basis. If Lessee shall have previously paid the Casualty Value to Lessor, Lessee shall be entitled to the net proceeds of such disposition to the extent that such proceeds do not exceed the Casualty Value of such Unit or Units, and shall pay any excess to Lessor.

Subject to adjustment pursuant to the provisions of or as contemplated by Section 3, the Casualty Value of

each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such date:

<u>Rental Payment Date</u>	<u>Percentage of Purchase Price*</u>	<u>Rental Payment Date</u>	<u>Percentage of Purchase Price*</u>
11/15/81	92.6616	11/15/85	72.1815
5/15/82	97.9459	5/15/86	67.2388
11/15/82	95.1140	11/15/86	64.7828
5/15/83	92.1121	5/15/87	55.4402
11/15/83	88.8123	11/15/87	49.3346
5/15/84	85.4496	5/15/88	42.6101
11/15/84	84.4275	11/15/88	38.6575
5/15/85	76.7955	5/15/89	27.6210
		11/15/89 and thereafter	20.0000

Except as hereinabove in this Section 7 provided, Lessee shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Unit.

Lessee will, at all times prior to the return of the Units to Lessor, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the Units at the time subject hereto, in amounts (subject to customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by Lessee in respect of similar equipment owned or leased by it. Lessee shall cause each insurance policy obtained in satisfaction of the requirements of the preceding sentence to:

\* The above percentages have been computed without regard to recapture of investment tax credit. Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit under the Assignment shall be increased by the applicable percentage of its Purchase Price as set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	19.2308
Fifth	12.8205
Seventh	6.4103

(i) name Lessor, as owner of the Units, the Note Purchaser, so long as it shall hold any of the Notes, and Security Trustee as additional insureds as their respective interests may appear; and

(ii) provide that if any premium or installment thereof is not paid when due, or if such policy would lapse or be cancelled, terminated or materially changed for any reason whatsoever, the insurer or Lessee's insurance broker will promptly notify Lessor and Security Trustee in writing and any such lapse, cancellation, termination or change shall not be effective as to Lessor or Security Trustee for 30 days after receipt of such notice.

In the event that Lessee shall obtain, or shall be obligated to obtain, separate property insurance with respect to the Units, Lessee shall cause such insurance policy additionally to provide that (i) Security Trustee shall be named as loss payee so long as any Notes are outstanding and (ii) if such provision is, in the reasonable opinion of Lessor, generally available on commercially reasonable terms, to provide that such insurance shall, in respect of the interests of Lessor, Owner, Security Trustee and the Note Purchaser, not be invalidated by any action or inaction of Lessee or its sublessee, including any breach or violation of any warranties, declarations or conditions contained in such policy.

Lessee shall deliver to Lessor and Security Trustee copies of each such insurance policy (or a certificate of insurance relating thereto) on or before the First Delivery Date (as defined in the Participation Agreement) with respect to the Units then being settled for (or a letter or other written verification from Lessee's insurance broker confirming that direction has been given to Lessee's insurance carriers to make any changes in its insurance policies required hereby, with copies of confirmations from such carriers as soon as available) and copies of each renewal policy (or a certificate or other evidence of insurance relating thereto) prior to the expiration of the original policy or preceding renewal policy, as the case may be, and Lessee shall notify Lessor and Security Trustee in writing of the status of such insurance 30 days prior to the expiration thereof in the event Lessee has not then delivered to Lessor and Security Trustee a renewal policy, or a certificate or other evidence of insurance relating thereto.

Any net insurance proceeds resulting from insurance carried by Lessee or condemnation payments received by Lessor or Security Trustee in respect of any Unit suffering a Casualty Occurrence shall be deducted from the amount payable by Lessee to Lessor in respect of such Casualty Occurrence pursuant to this Section 7. If Lessor or Security Trustee shall receive any such net insurance proceeds or condemnation payments after Lessee shall have made payments pursuant to this Section 7 without deduction for such net insurance proceeds or such condemnation payments, Lessor or Security Trustee, as the case may be, shall pay such net insurance proceeds or condemnation payments to Lessee up to the amount of such payments made by Lessee (but not in excess of the Casualty Value with respect to such Unit) unless an Event of Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to Lessee may be retained by Lessor or Security Trustee and applied to discharge the liabilities of Lessee under Section 11. The balance of such net insurance proceeds or condemnation payments shall remain the property of Lessor. All net insurance proceeds received by Lessor, Security Trustee or Lessee with respect to a Unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Unit, but no such proceeds shall be paid to Lessee until Lessor and Security Trustee shall have received a certificate signed by an authorized officer of Lessee to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to Lessee unless an Event of Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to Lessee may be retained by Lessor or Security Trustee and applied to discharge the liabilities of Lessee under Section 11. Any condemnation payments received with respect to a Unit not suffering a Casualty Occurrence shall be the property of Lessor.

Nothing in this Section 7 shall prohibit Lessor from placing any insurance Lessor desires, at Lessor's expense, on or with respect to the Units or the operation thereof unless such insurance would conflict with or otherwise vitiate insurance that is required to be carried by Lessee pursuant to this Section 7.

**SECTION 8. Reports.** On or before April 30 in each year, commencing with the year 1982, Lessee will furnish to Lessor, Owner and Security Trustee an accurate statement (a) setting forth as of the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been

withdrawn from use pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as Lessor or Security Trustee may reasonably request and (b) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by Section 5 and the Security Agreement have been preserved or replaced. Lessor and Security Trustee shall have the right, by their respective agents, to inspect the Units and Lessee's records with respect thereto at such reasonable times as Lessor or Security Trustee, as the case may be, may request during the term of this Lease.

SECTION 9. Disclaimer of Warranties. LESSOR LEASES THE UNITS, AS IS, IN WHATEVER CONDITION THEY MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY LESSOR OR OWNER, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY OF THE UNITS INCLUDING BUT NOT LIMITED TO THEIR VALUE, CONDITION, DESIGN OR OPERATION, (B) LESSOR'S TITLE THERETO, (C) THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR, OWNER AND LESSEE, ARE TO BE BORNE BY LESSEE. Lessee's execution of this Lease shall be conclusive evidence as between Lessor, Owner and Lessee that the Units described herein are in all of the foregoing respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor, Owner or Security Trustee based on any of the foregoing matters.

Lessor hereby irrevocably appoints and constitutes Lessee as its agent and attorney-in-fact, so long as there shall exist no Default or Event of Default hereunder, to assert and enforce from time to time, in the name and for the account of Lessor, Security Trustee and/or Lessee, as their interests may appear, at Lessee's sole cost and expense, whatever claims and rights Lessor or Security Trustee may have against any Vendor (as defined in the Assignment); provided, however, that Lessee will not consent to the settlement of, or compromise or waive, any claims thereunder without the written consent of Lessor and Security Trustee.

SECTION 10. Compliance with Laws and Rules; Maintenance; Indemnification. Lessee agrees, for the benefit of Lessor and Security Trustee, to comply in all respects with all laws (including, without limitation, laws with respect to the use, maintenance and operation of each Unit)

of the jurisdictions in which operations involving the Units may extend, with all applicable lawful rules of the Association of American Railroads, 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 and with all provisions of the insurance policies carried by Lessee pursuant to Section 7; and in the event that such laws, rules or provisions require any alteration, replacement or addition of or to any part of any Unit, Lessee will conform therewith at its own expense; provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor or Security Trustee, adversely affect the property or rights of Lessor or Security Trustee under this Lease or under the Security Agreement or create any danger that Lessor, Security Trustee or the agents or servants of either of them will incur criminal or other liability for which no indemnification is provided hereunder.

Lessee, at its own cost and expense, may at its option furnish additions, modifications and improvements to the Units during the term of this Lease if the same are readily removable without causing material damage to the Units. All such additions, modifications and improvements shall remain the property of Lessee, but shall be subject to the lien of the Security Agreement and the rights of Security Trustee and the Noteholders thereunder; provided, however, that upon the occurrence of an Event of Default all such additions, modifications and improvements shall constitute accessions to the Units and ownership thereof shall immediately vest in Lessor. Lessee shall not, however, without the prior written consent of Lessor, alter any Unit, or affix or install any accessories or devices on any Unit, if the same shall (i) impair the originally intended function or use of such Unit or shall diminish its remaining useful life or fair market value, (ii) cause such Unit to become limited use property within the meaning of Rev. Proc. 76-30, (iii) substantially increase the productivity or capacity of such Unit over its productivity or capacity at the time it was delivered and accepted hereunder or (iv) modify such Unit for a materially different use. Except as provided in the first sentence of this paragraph, any and all additions to and improvements of any Unit, and any and all parts installed on and additions and replacements made to any Unit, shall constitute accessions to such Unit and ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by the Security Agreement or this Lease), shall immediately be vested in Lessor.

Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of the Units. Lessee, at its own cost and expense, shall maintain and service, or cause to be maintained and serviced, each of the Units so as to keep it in the same operating condition, order, repair and appearance as it was when it first became subject to this Lease, ordinary wear and tear excepted. Lessee, at its own cost and expense and within a reasonable period of time, shall also replace all parts of any Unit that may have become worn out, lost, stolen, confiscated, destroyed or otherwise rendered permanently unfit for use with appropriate replacement parts, which shall be free and clear from any mortgage, lien, charge or encumbrance (except for those created by the Security Agreement and this Lease). Notwithstanding any sublease of Units pursuant to Section 13, Lessee shall continue to perform all maintenance and repairs thereon as required hereby (other than minor maintenance or repairs, which may be performed by the sublessee).

Lessee agrees to indemnify, protect and hold harmless Lessor, CBT (as defined in the Participation Agreement), Owner, Security Trustee, the Noteholders (including their respective successors, assigns, agents and servants) and the Trust Estate from and against all losses, damages, injuries, liabilities, claims (including claims for negligence or strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the Participation Agreement, the Trust Agreement, the Assignment, the Security Agreement or this Lease, or any amendment, consent, waiver or modification of any thereof, the ownership of any Unit, the ordering, acquisition, use, operation, condition (whether defects are latent or discoverable by Lessor or Lessee), maintenance, repair, improvement, purchase, delivery, rejection, lease, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, sale or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 15, (ii) any loss or damage to the Units, ordinary wear and tear excepted, (iii) any act or omission of Lessee when acting as agent or attorney-in-fact for Lessor hereunder, (iv) any failure of Lessee to comply with the terms of this Lease or (v) any claims for patent infringement. Without limiting the generality of this Section 10 or Section 6, Lessee further agrees to indemnify, protect and hold harmless Owner, and its successors, assigns, agents, servants and legal representatives, from and against all losses, damages, liabilities, claims, taxes, penalties,

expenses, costs, disbursements, actions, suits and other obligations, including legal fees and disbursements, of any kind or nature whatsoever which may be imposed or asserted against Owner under the Trust Agreement. The indemnities arising under this paragraph are expressly made for the benefit of, and shall be enforceable by, Lessor, Owner, Security Trustee, the Noteholders (including their respective successors, assigns, agents and servants) and the Trust Estate and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

Lessee agrees to prepare, deliver to Lessor for execution within a reasonable time prior to the required date of filing and file (or, to the extent permissible, to prepare for and file on behalf of Lessor directly) any and all reports (other than income tax returns) to be filed by Lessor with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units or the leasing thereof to Lessee.

Lessee will permit representatives of Lessor, at Lessor's risk and expense and with respect to matters reasonably related to this Lease, to inspect the Units on the property of Lessee where such Units may then be located and at such times as may be reasonably requested. Upon request Lessee will inform Lessor as to the location of each Unit.

SECTION 11. Default. If during the continuance of this Lease one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any amount provided in Section 3, 7 or 14, and such default shall continue for 5 days;

(B) Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any interest herein or of the right to possession of any Unit, or shall fail to maintain insurance in accordance with Section 7;

(C) default shall be made in the observance or performance of any other covenants, conditions and agreements on the part of Lessee contained herein or in the Participation Agreement, the Assignment or the Purchase Agreements, and such default shall continue for 30 days;

(D) any proceedings shall be commenced by or against Lessee (including but not limited to the filing of a petition for reorganization under Title 11 of the United States Code as now constituted or hereinafter amended) for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against Lessee, (i) such proceedings shall not 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) within 60 days after such proceedings shall have been commenced or (ii) all the obligations of Lessee under this Lease shall not have been and shall not continue to be duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier, or Lessee shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due for 30 days after written notice from Lessor or Security Trustee to Lessee specifying such default and demanding that the same be remedied; or

(E) any representation or warranty made by Lessee in the Participation Agreement, the Assignment or this Lease, or in any certificate or other document delivered by Lessee pursuant thereto, shall be false or misleading in any material respect as of the date made;

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

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of federal and state income tax benefits to which Lessor or Owner would otherwise be entitled as a result of owning the Units and leasing the same to Lessee under this Lease; or

(2) by notice in writing to Lessee terminate this Lease, whereupon all rights of Lessee to the possession and use of the Units shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may, by its agents, enter upon the premises of Lessee or any other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Units for any purposes whatsoever, but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period and also to recover forthwith from Lessee (a) as damages for loss of the bargain and not as a penalty, whichever of the following sums, with respect to each Unit then subject to this Lease, Lessor, in its sole discretion, shall specify by written notice to Lessee: (x) an amount equal to the excess, if any, of the Casualty Value for such Unit, computed as of the rental payment date immediately preceding the Event of Default specified in such notice, over the Fair Market Rental (computed as provided in Section 14) of such Unit for the remainder of the term of this Lease after discounting such Fair Market Rental semi-annually to present value as of such preceding rental payment date at the Formula Rate in effect as of such date, expressed as an annual rate, or (y) an amount equal to the excess, if any, of the Casualty Value for such Unit as of such preceding rental payment date over the Fair Market Sales Value (computed as provided in Section 14) of such Unit as of such preceding rental payment date and (b) any damages and expenses, including reasonable attorneys' fees, in addition thereto which Lessor shall have sustained by reason of the breach of any

covenant, representation or warranty of this Lease other than for the payment of rental.

It is expressly understood and agreed that upon the occurrence of any Event of Default described in clause (A) of the first paragraph of this Section 11, and prior to the time that this Lease is terminated or the maturity of the Notes is accelerated pursuant to Section 8.03 of the Security Agreement, either Lessor or Owner may make such payment as will cure such Event of Default, and the amount of all payments by Lessor or Owner on behalf of Lessee, plus the amount of all reasonable expenses incurred in connection therewith, together with interest thereon at the Formula Rate, but not to exceed the maximum rate permitted by law, for each day elapsed from the date of expenditure to the date of reimbursement, shall constitute additional rental payable hereunder by Lessee to Lessor on demand; provided, however, such option of Lessor or Owner shall be limited to five cures, no more than three of which may be in respect of consecutive rental payment dates.

It is expressly further understood and agreed that upon the occurrence of any Event of Default described in clauses (B) or (C) of the first paragraph of this Section 11, and prior to the time that this Lease is terminated or the maturity of the Notes is accelerated pursuant to Section 8.03 of the Security Agreement, either Lessee, Lessor or Owner may take such action to remedy such Event of Default and if, in the sole judgment of Lessor, the respective positions of Lessor, Owner, Security Trustee and the Noteholders are thereby restored to such positions as if such Event of Default had not occurred, then, upon any reimbursement required pursuant to the following sentence, such Event of Default shall be deemed to have been cured and shall no longer exist. In the event that Lessor, Owner, Security Trustee or the Noteholders shall incur any expense in connection with the remedying of such Event of Default, Lessee shall, on demand, reimburse such parties, together with interest thereon at the Formula Rate, but not to exceed the maximum rate permitted by law, for each day elapsed from the date such expense was incurred to the date of reimbursement.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory 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. Lessee hereby waives any and all existing or future claims to any offset against the rental payments due here-

under, and agrees to make rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf.

The failure of Lessor to exercise any of 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.

The foregoing provisions of this Section 11 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

SECTION 12. Return of Units upon Default. If this Lease shall terminate pursuant to Section 11, Lessee shall forthwith deliver possession of the Units to Lessor and shall:

(a) forthwith place such Units in storage as Lessor reasonably may designate until such Units have been sold, leased or otherwise disposed of by Lessor; and

(b) cause the same to be delivered to any connecting carrier for shipment directed by Lessor.

The Units shall be returned in the condition in which they are required to be maintained by Lessee under Section 10, shall be maintained, or caused to be maintained, by Lessee, at its own cost and expense, in such condition during the period of storage provided for in this Section 12 and shall be insured by Lessee, at its own cost and expense, during such period of storage in accordance with Section 7; and at the time of such return and during such period of storage shall be kept free and clear of all liens, charges, security interests and encumbrances in accordance with Section 13. The assembling, delivery, storage and transporting of the Units as in this Section 12 provided shall be at the expense and risk of Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the same. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

Without in any way limiting the obligations of Lessee under the foregoing provisions of this Section 12, Lessee hereby irrevocably appoints Lessor as the agent and

attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Unit to Lessor, to demand and take possession of such Unit in the name and on behalf of Lessee from whomsoever shall be in possession of such Unit at the time.

SECTION 13. Assignment; Possession and Use; Liens. Lessor, or any assignee of Lessor, may at any time, without notice to or consent by Lessee, sell, assign, transfer, mortgage or otherwise encumber its interest under this Lease or in the Units, subject to the terms of this Lease and the rights of Lessee hereunder, and, upon receipt of written notice of any such assignment, Lessee shall recognize such assignment subject to the rights of Lessee against Lessor hereunder. No assignment or reassignment shall release Lessor from its obligations to Lessee under this Lease. Lessor agrees to deliver to Lessee a copy of each agreement evidencing any such sale, assignment, transfer, mortgage or other encumbrance, or the portion thereof which effects compliance with the provisions of this Section 13, as soon as practicable after the execution and delivery thereof. All the rights of Lessor hereunder (including, but not limited to, the rights under Sections 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of Lessor's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively), but only to the extent assigned.

Subject to the terms and conditions of this Lease, Lessee shall have the right to the full use and uninterrupted and undisturbed possession of the Units, and so long as no Default or Event of Default hereunder shall have occurred and be continuing, Lessor shall not interfere with or otherwise disturb Lessee's use and enjoyment of any Unit nor do or cause to be done any act which would deprive Lessee of the full use, possession and enjoyment of any Unit; provided, however, that Lessee shall in all events use the Units in a careful and proper manner consistent with the use contemplated by the original manufacturer thereof and solely in the business of Lessee except as expressly permitted below; and provided further that any claim of Lessee against Lessor for breach of this sentence shall be subordinate to the obligations and duties secured by the Security Agreement and the rights of Security Trustee thereunder.

Without the prior written consent of Lessor, Lessee shall not assign or transfer its leasehold interest under this Lease in the Units, or any of them, or sublease the Units, or any of them, or part with possession thereof; provided, however, that (i) this sentence shall not prohibit

any transaction permitted by Section 21 or (ii) so long as no Default or Event of Default hereunder shall have occurred and be continuing, Lessee may, without the consent of but with prior written notice to Lessor, the Note Purchaser, so long as it shall own any of the Notes, and Security Trustee, and delivery to Security Trustee of the original copy of the sublease; sublease to a responsible sublessee one or more of the Units for a term not to exceed six months (which shall not be subject to extension), but Lessee shall not be relieved of any of its obligations hereunder (including, but not limited to, Section 10) by reason of any such sublease; and any such sublease shall expressly provide that the rights of sublessee thereunder are subject and subordinate in all respects to the rights of Lessor and Security Trustee hereunder and under the Security Agreement and that the Units shall not be used contrary to the next paragraph; provided further that this sentence shall not be deemed to prohibit any lien attaching only to the leasehold interest of Lessee under this Lease by reason of the existence of an after-acquired property clause in any mortgage to which Lessee is a party covering substantially all of its railroad properties; and provided further that Lessee shall not sublease any Unit to (i) any person which is at such time a "party in interest", or a "disqualified person", with respect to any "employee benefit plan" the assets of which are at the time invested by Owner or by the Note Purchaser pursuant to the Participation Agreement or (ii) any "employee benefit plan" with respect to which Owner, the Note Purchaser or Owner Trustee, in its individual capacity or as trustee, is a "party in interest" or a "disqualified person" as all of such terms are defined in the Employee Retirement Income Security Act of 1974, as from time to time amended. To secure payment and performance of Lessee's rental obligations hereunder, Lessee grants to Lessor and Security Trustee a security interest in Lessee's right, title and interest in and to any subleases of any of the Units.

Lessee shall not assign or sublease or permit the assignment or sublease of any Unit to service (including, without limitation, the regular operation or maintenance thereof) outside the United States of America.

Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any person which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by Lessor or Security Trustee or resulting from claims against Lessor or Security Trustee unrelated to transactions contemplated by the Participation Agreement) on or with respect to any Unit, including any accession thereto, or the interest of Lessor, Security Trustee or Lessee therein, and will

promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that Lessee shall not be required to pay or discharge any such claim to the extent that and while it is being contested by Lessee in good faith and by appropriate proceedings and so long as such proceedings or the nonpayment of such claim does not, in the written opinion of counsel satisfactory to Lessor, the Note Purchaser, so long as it shall own any of the Notes, and Security Trustee delivered to such parties, involve (i) any danger of the sale, forfeiture or loss of any Unit or any interest therein, (ii) any material adverse change in the title, property or rights of Lessor in or to the Units or hereunder or of Security Trustee under the Security Agreement, (iii) any assessment or penalty against any party which is indemnified by Section 6, (iv) any interference with the due payment by Lessee of rentals hereunder or the application of such rentals under the Security Agreement or (v) any danger of criminal or other liability for which no indemnification is provided hereunder being imposed against Lessor, Security Trustee or the agents or servants of either of them; and provided further that this covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

SECTION 14. Renewal Options; Right of First Offer. Provided this Lease has not been earlier terminated and there exists no Default or Event of Default hereunder, Lessee may by written notice delivered to Lessor not less than 180 days prior to the end of the original term or any extended term of this Lease, as the case may be, elect to extend the term of this Lease (i) in respect of all, but not less than all of the Class A Units (as designated in Annex A hereto) then covered by this Lease for one additional period of two years at one-half of the then prevailing Basic Rent and thereafter for two additional periods of two years each at the "Fair Market Rental" (as hereinafter defined) of such Units at the beginning of each extended term and/or (ii) in respect of all, but not less than all, of the Class B Units (as designated in Annex A hereto) then covered by this Lease for two additional periods of two years each at the Fair Market Rental of such Units at the beginning of each extended term; provided that no such extended term shall extend beyond November 15, 1995 with respect to the Class A Units or November 15, 1993 with respect to the Class B Units. In the event that the term of this Lease is extended pursuant to the preceding sentence, Lessee shall pay rentals in semi-annual payments in arrears on May 15 and November 15 in

each year of such extended term; and all of the other terms of this Lease shall be applicable during any extended term, except that the Casualty Value of any Unit shall, at any time during any such extended term, be an amount equal to 20% of the Purchase Price of such Unit.

Unless (i) this Lease has been earlier terminated, (ii) there exists a Default or Event of Default hereunder or (iii) Lessee shall have notified Lessor within 180 days prior to the end of the original term or any extended term of this Lease that it does not wish to purchase all of the Units of either Class A or Class B at the end of such original or extended term, Lessor shall not, at any time after the end of the original or any extended term of this Lease, sell, transfer or otherwise dispose of any Unit of such Class (including any sale, transfer or disposition prior to the end of such term providing for delivery at or following the end of such term) unless:

(a) (i) Lessor shall have received from a responsible purchaser or purchasers a bona fide offer or offers in writing, acceptable to Lessor, to purchase in the aggregate all, but not less than all, of the Units of such Class; and/or (ii) at Lessor's option, Lessor shall have received an appraisal of the Fair Market Sales Value of such Units, determined in accordance with the last paragraph of this Section 14; and

(b) Lessor shall have given Lessee written notice setting forth in detail (i) with respect to any such offer the identity of such purchaser or purchasers, the proposed purchase price or prices, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to Lessor, and offering to sell such Units to Lessee upon the same terms and conditions as those set forth in such notice; or (ii) the appraised Fair Market Sales Value, and offering to sell such Units to Lessee upon comparable terms and conditions as those set forth in any such offer received or for cash, at the appraised Fair Market Sales Value and upon other reasonable terms and conditions; and

(c) Lessee shall not have notified Lessor, within 10 days following receipt of such notice, of its election to purchase such Units upon such terms and conditions.

If Lessee shall not have so elected to purchase such Units, Lessor may thereafter sell such Units at a price and upon other terms and conditions no less favorable to Lessor than those specified in such notice; provided, however, if the notice given by Lessor pursuant to clause (ii) above is notice of the appraised Fair Market Sales Value, any such sale by Lessor may be at any price and upon any terms and conditions as Lessor shall in its sole discretion determine, whether or not less favorable to Lessor than those specified in such notice.

Upon payment of the purchase price pursuant to the exercise by Lessee of its right of first offer, Lessor shall, upon request of Lessee, execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale (without representations or warranties except that the Units are free and clear of all liens, charges, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor other than the liens, charges, security interests and other encumbrances which Lessee is obligated to discharge hereunder) for the Units and such other documents as may be required to release the Units from the terms and scope of this Lease and to transfer title thereto to Lessee, or such assignee or nominee, in such form as may reasonably be requested by Lessee, all at Lessee's expense.

Lessor shall give written notice to Lessee of the selection of any Appraiser selected to determine the Fair Market Sales Value of the Units.

"Fair Market Sales Value" shall be determined on the basis of, and shall be equal in amount to, the sales price which would obtain in an arm's-length transaction between an informed and willing buyer (other than a lessee currently in possession or a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, the value of any additions, modifications and improvements as to which Lessee retains title pursuant to Section 10 shall not be included and costs of removal from the location of current use shall not be a deduction from such sales price. "Fair Market Rental" shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, the value of the additions, modifications and improvements referred to above shall not be included and costs of removal from the location of current use shall not be a deduction from such value. If, within two months following

receipt of the notice required by the first paragraph of this Section 14, Lessor and Lessee are unable to agree upon a determination of the Fair Market Rental of the relevant Units, such rental shall be determined in accordance with the foregoing definition by a qualified independent appraiser. Any determination of Fair Market Sales Value shall also be determined by a qualified independent appraiser. The term "Appraiser" shall mean such independent appraiser as Lessor may select with the approval of Lessee, or, failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected; and if the appraisers selected by Lessor and Lessee are unable to agree upon such third appraiser, either Lessor or Lessee may apply to any court of competent jurisdiction to select such third appraiser. The Appraiser shall be instructed to make the required determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be shared equally by Lessee and Lessor.

SECTION 15. Return of Units upon Expiration of Term.  
As soon as practicable on or after the expiration of the original or any extended term of this Lease in the event the Units are not purchased pursuant to Section 14, Lessee will, at its own cost and expense, at the request of Lessor, deliver the Units to Lessor at such location on the lines of railroad operated by Lessee, or to any connecting carrier, as Lessee and Lessor may agree upon. If Lessor should request, Lessee will store the Units for a period not exceeding 120 days (at a location selected by Lessee) and cause the same to be delivered, at any time within such 120-day period, to such location on the lines of railroad operated by Lessee or to any connecting carrier as directed by Lessor. The Units shall be returned in the condition in which they are required to be maintained by Lessee under Section 10 (provided, however, that Lessee shall be under no obligation thereafter or during any storage period to make any alteration, replacement or addition referred to in the first paragraph of Section 10), shall be maintained, or caused to be maintained, by Lessee, at its own cost and expense, in such condition during the period of storage provided for in this Section 15 and shall be insured by Lessee, at its own cost and expense, during such period of storage in accordance with Section 7; and at the time of such return and during such period of storage shall be kept free and clear of all liens, charges, security interests and encumbrances in accordance with Section 13. The movement and storage of the Units shall be at the expense and risk of Lessee.

During any such storage period, Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Units, may inspect the same; provided, however, that Lessee shall not be liable, except in the case of negligence of Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of Lessor or any prospective purchaser, the right of inspection granted under this sentence. The assembling, delivery, storage, maintenance and transporting of the Units as in this Section 15 provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the same.

By written notice to Lessee at least 60 days prior to the expiration of the original term (if Lessee does not exercise its renewal option pursuant to Section 14) or any extended term of this Lease, Lessor may require Lessee to effect such return of the Units in four approximately equal groupings (by number of Units) on the 15th day of each month, ending in the fourth month after the termination of this Lease or any extended term (or on such other dates and in such other groupings as shall be mutually agreeable to Lessor and Lessee), in which event this Lease shall be deemed to be extended as to all such Units not from time to time returned. For any Units as to which this Lease shall be so extended until so returned, Lessee shall make monthly rental payments in arrears, on the 15th day of each month, in an amount equal to 1/12th of the then applicable semi-annual rental for each such Unit.

If Lessor shall elect to abandon any Unit which has suffered a Casualty Occurrence, it may deliver written notice to such effect to Lessee and Lessee shall thereupon assume and hold Lessor harmless from all liability arising in respect of any responsibility of ownership thereof, from and after receipt of such notice. Lessor shall execute and deliver to Lessee a bill of sale and other documents, as specified in the last paragraph of Section 14, with respect to any Unit so abandoned. Lessee shall have no other liability to Lessor in respect of any Unit abandoned by Lessor after termination of this Lease; provided, however, that this sentence shall not in any way relieve Lessee of its obligations pursuant to Section 7 to make payments equal to the Casualty Value of any Unit experiencing a Casualty Occurrence while this Lease is in effect.

SECTION 16. Recording. Lessee, at its own expense, will cause this Lease and the Security Agreement, and any amendments or supplements hereto or thereto, and any

further assignments hereof and thereof, to be filed and recorded in accordance with Section 11303(a) of Title 49, United States Code and will cause appropriate Uniform Commercial Code financing statements with respect to the Trust Estate (as defined in the Security Agreement) to be filed with the Connecticut and Illinois Secretaries of State, as provided in the Participation Agreement, and Lessee will effect all other filing, registering, depositing and recording required of Lessor under the Security Agreement and will from time to time do and perform any other act (including the arrangement for any required certificates or documents of title with appropriate endorsements thereon of the lien of the Trust Estate) and will execute, acknowledge, deliver, file, register, deposit and record (and will re-file, re-register, re-deposit or re-record whenever required) any and all further instruments, including Uniform Commercial Code financing and continuation statements, required by law or reasonably requested by Lessor or Security Trustee for the purposes of perfection and proper protection, to their satisfaction, of Lessor's and Security Trustee's respective interests in the Units, or for the purpose of carrying out the intention of and their respective rights under this Lease and the Security Agreement; and Lessee will promptly furnish to Lessor and Security Trustee evidence of all such filing, registering, depositing and recording and an opinion or opinions of counsel for Lessee with respect thereto satisfactory to Lessor and Security Trustee. The Interstate Commerce Commission and Connecticut and Illinois Secretaries of State filings and any required endorsements of certificates or documents of title shall be completed prior to the delivery and acceptance hereunder of any Unit.

SECTION 17. Removal of Certain Additions, Modifications or Improvements. If title to any additions, modifications or improvements to any Unit or Units shall remain in Lessee at the date of termination of this Lease pursuant to Section 10, Lessee shall, at its cost and expense, prior to the return of such Unit or Units to Lessor hereunder, remove the same without material damage to such Unit or Units.

SECTION 18. Interest on Overdue Rentals. Anything herein to the contrary notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of Lessee promptly to pay interest equal to the Formula Rate, but not to exceed the maximum rate permitted by law, on the overdue rentals and other obligations for each day during which they are overdue.

SECTION 19. Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, certi-

fied mail postage prepaid (effective when mailed), at the following specified addresses:

(a) To Lessor, One Constitution Plaza, Hartford, Connecticut 06115, attention: Corporate Trust Department, with a copy to Owner;

(b) To Lessee, Chicago and North Western Transportation Company, 400 West Madison Street, Chicago, Illinois 60606, attention: Assistant Vice President - Finance;

(c) To Owner, 105 West Adams St., Chicago, Illinois 60603, attention: Notes Receivable and Leasing Division;

(d) To Security Trustee, Two Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, attention: Corporate Trust Department;

or to such other address as may have been furnished in writing by any of the foregoing to the other persons named above.

SECTION 20. Payment of Expenses. Lessee agrees to pay the expenses assumed by it in the Participation Agreement.

SECTION 21. Merger, Consolidation, etc. Nothing herein shall be deemed to prohibit Lessee from consolidating with or merging into any other corporation or leasing, conveying or transferring its properties and assets substantially as an entirety to any person, provided that:

(A) such successor corporation shall be a Class I railroad and a corporation incorporated under the laws of the United States of America or any state thereof or the District of Columbia with a net worth at least equal to that of Lessee immediately prior to such transaction;

(B) such successor corporation shall expressly assume (where such assumption is not effected by operation of law), by an appropriate instrument executed and delivered to Lessor and Security Trustee, in form and substance satisfactory to Lessor and Security Trustee, the due and punctual payment of all rents and other sums and the performance and observance of each and every covenant and agreement of this Lease on the part of Lessee to be paid, performed or observed; and

(C) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing hereunder or under the Security Agreement.

Upon the consummation of any transaction permitted by the immediately preceding paragraph, the successor corporation shall succeed to, and be substituted for, and may exercise every right and power of, Lessee under this Lease with the same effect as if such successor corporation had been named as Lessee herein; provided, however, that no conveyance or transfer referred to in such preceding paragraph shall have the effect of releasing Lessee or any successor corporation which shall theretofore have become such in the manner prescribed in this Section 21 from its obligations under this Lease.

SECTION 22. Severability; Effect and Modification of Lease. Any provision of this Lease prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be 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. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by Lessee to the full extent permitted by law, to the end that this Lease shall be enforced as written.

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

The Table of Contents and all Article and Section headings are inserted for convenience or reference only and shall not affect any construction or interpretation of this Lease. All references herein to Sections, paragraphs, clauses and other subdivisions refer to the designated Sections, paragraphs, clauses and other subdivisions of this Lease; and the words "herein", "hereof", "hereunder" and words of similar import refer to this Lease as a whole and not to any particular Section, paragraph, clause or other subdivision hereof.

SECTION 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be

governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to any rights also conferred by Section 11303(a) of Title 49, United States Code, and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Lease as shall be conferred by the laws of the several jurisdictions in which this Lease shall be filed, recorded, registered or deposited.

SECTION 24. Further Assurances. Lessee agrees that at any time and from time to time, after the execution and delivery of this Lease, it shall, upon reasonable request of Lessor, execute and deliver such further documents, including, but not limited to any instrument required by Section 10 to evidence the first lien of the Security Agreement, and do such further acts and things as Lessor may reasonably request in order fully to effect the purposes of this Lease, including, but not limited to, any and all information necessary to enable Lessor properly to complete and file any and all state or political subdivision thereof income tax returns in connection herewith.

SECTION 25. Modification, Waiver and Consent. Any modification or waiver of any provision of this Lease, or any consent to any departure by Lessee therefrom, shall not be effective in any event unless the same is in writing and signed by Lessor, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on Lessee in any event not specifically required of Lessor hereunder shall not entitle Lessee to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

SECTION 26. Binding Effect. This Lease shall be binding upon and shall inure to the benefit of the respective successors and permitted assigns of Lessee and Lessor.

SECTION 27. Use of Units Beyond Lease Term. If Lessor permits the use of any Unit beyond the term of lease with respect thereto, the obligations of Lessee hereunder shall continue; provided, however, that, subject to Section 15, such permissive use shall not be construed as a renewal of such term of lease nor as a waiver of any right or continuation of any obligation of Lessor hereunder, and Lessor may take possession of such Unit at any time upon demand.

SECTION 28. Limitation of Liability. It is expressly understood and agreed by and between Lessor and Lessee that this Lease is executed by The Connecticut Bank and Trust Company, not in its individual capacity but solely

as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee; it is further understood and agreed that, except as otherwise expressly provided herein or in the Participation Agreement and except in the case of gross negligence or willful misconduct of The Connecticut Bank and Trust Company for which The Connecticut Bank and Trust Company alone shall be liable, nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company, in its individual capacity to perform any covenant contained herein, all such liability being expressly waived by Lessee; and so far as The Connecticut Bank and Trust Company is concerned, Lessee shall look solely to the Estate (as defined in the Trust Agreement, but excluding payments due to Lessor under Sections 6, 7 (with respect to public liability insurance) and 10 hereof) for the performance of the obligations of Lessor herein.

SECTION 29. Rights, Remedies and Powers. Each and every right, remedy and power granted to Lessor hereunder shall not be exclusive but shall be cumulative and in addition to any other right, remedy or power herein specifically granted or now or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by Lessor from time to time concurrently or independently and as often and in such order as Lessor may deem expedient. Any failure or delay on the part of Lessor in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect Lessor's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power. In the event Lessor shall have proceeded to enforce any such right, remedy or power and such proceeding shall have been determined adversely to Lessor, then in such event Lessee and Lessor shall be restored to their former positions and the rights, remedies and powers of Lessor shall continue as if no such proceeding had been taken.

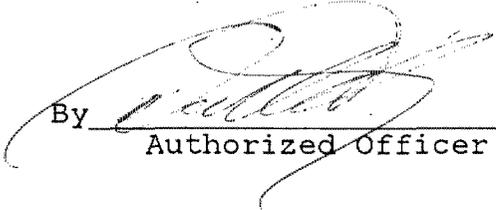
SECTION 30. Execution. This Lease may be executed in any number of counterparts, but the counterpart delivered to Security Trustee shall be deemed to be the original counterpart.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Lease to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to

be hereunto affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY,  
not in its individual capacity  
but solely as Owner Trustee,  
as Lessor

(Corporate Seal)

By   
Authorized Officer

ATTEST:

  
Authorized Officer

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY,  
as Lessee

(Corporate Seal)

By   
Senior Vice President

ATTEST:

  
Assistant Secretary

STATE OF CONNECTICUT )  
 ) SS  
COUNTY OF HARTFORD )

On this 25th day of March, 1981,  
before me personally appeared DONALD E. SMITH, to  
me personally known, who, being by me duly sworn, says that  
he is an authorized officer of THE CONNECTICUT BANK AND  
TRUST COMPANY, that one of the seals affixed to the foregoing  
instrument is the 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.

Sherree M. Daniels  
Notary Public  
SHEREE M. DANIELS  
NOTARY PUBLIC  
MY COMMISSION EXPIRES MARCH 31, 1985

(Notarial Seal)

My Commission Expires \_\_\_\_\_

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

On this 5th day of MARCH, 1981,  
before me personally appeared J.M. BUTLER, to me  
personally known, who, being by me duly sworn, says that he  
is Senior Vice President of CHICAGO AND NORTH WESTERN TRANS-  
PORTATION COMPANY, that one of the seals affixed to the  
foregoing instrument is the corporate seal of said corpora-  
tion 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.

Lee Swiontek  
Notary Public

(Notarial Seal)

My Commission Expires \_\_\_\_\_  
LEE SWIONTEK  
Notary Public

Cook Co. Illinois  
My Commission Expires Oct. 27, 1984

## ANNEX A

## DESCRIPTION OF EQUIPMENT

<u>No. of Units</u>	<u>Description of Equipment</u>	<u>Class</u>	<u>C&amp;NW System No.</u>
8	Production Tampers	A	17-3507 17-3508 17-3509 17-3510 17-3511 17-3512 17-3513 17-3514
11	Switch Tampers	A	17-3515 17-3516 17-3517 17-3518 17-3519 17-3520 17-3521 17-3522 17-3523 17-3524 17-3525
7	Vibratory Tampers	A	17-3526 17-3527 17-3528 17-3529 17-3530 17-3531 17-3532
2	Mark I Tampers	A	17-3533 17-3534
12	Ballast Regulators	A	17-3535 17-3536 17-3537 17-3538 17-3539 17-3540 17-3541 17-3542 17-3543 17-3544 17-3545 17-3546

<u>No. of Units</u>	<u>Description of Equipment</u>	<u>Class</u>	<u>C&amp;NW System No.</u>
11	Speed Swings	A	17-3547 17-3548 17-3549 17-3550 17-3551 17-3552 17-3553 17-3554 17-3555 17-3556 17-3557
4	Tie Bed Scarifiers	A	17-3558 17-3559 17-3560 17-3561
2	Tie Injectors	A	17-3562 17-3563
1	Tie Inserter	A	17-3564
7	Tie Cranes	B	17-3565 17-3566 17-3567 17-3568 17-3569 17-3570 17-3571
1	Spiker	B	17-3572
2	Anchor Cribbers	B	17-3573 17-3574
5	Anchor Machines	B	17-3575 17-3576 17-3577 17-3578 17-3579
1	Tie Spacer	B	17-3580