

810

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LAW OFFICES

ALVORD AND ALVORD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
MILTON C. GRACE*
JAMES C. MARTIN, JR.*

200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006-2974

OF COUNSEL
JESS LARSON
JOHN L. INGOLDSBY
JURBAN A. LESTER

CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

- *NOT A MEMBER OF D.C. BAR
- *ALSO ADMITTED IN NEW YORK
- *ALSO ADMITTED IN OHIO
- *ALSO ADMITTED IN MARYLAND

April 23, 1987

RECORDATION NO. 1:5213 Filed & Received

APR 23 1987 3:50 PM

INTERSTATE COMMERCE COMMISSION

TELETYPE
440-67 AND A

APR 23 3 42 PM '87
100 OFFICE OF
THE SECRETARY
MOTOR OPERATING UNIT

No. 7-113A069

Date APR 23 1987

Fee \$ 10.00

ICC WASH, D.C.

Ms. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are the original and seven counterparts of an Equipment Lease dated as of April 1, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Wilmington Trust Company, as Trustee under
GATC Trust No. 87-1
Rodney Square North
Wilmington, Delaware 19890

Lessee: General American Transportation
Corporation
120 South Riverside Plaza
Chicago, Illinois 60606

A description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return the stamped original and six counterparts of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

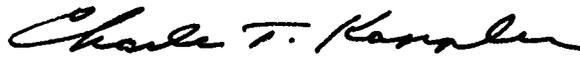
Charles T. Kappler

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
April 23, 1987
Page Two

A short summary of the enclosed primary document to appear in the Commission's Index is:

Equipment Lease dated as of April 1, 1987 between Wilmington Trust Company, as Trustee, Lessor, and General American Transportation Corporation, Lessee, covering Tank Cars, Hopper Cars and Airslide Cars.

Very truly yours,


Charles T. Kappler

Enclosures

CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>87-1 Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
<u>Tax Tanks - Group 1</u>						
11082*	GATX 44782 - 44796	15	DOT 112S400W 23,800 Gal. Anhydrous Hydrofloric Acid	C	\$ 61,263	\$ 918,945
<u>Tax Tanks - Group 3</u>						
11094	GATX 44797, 44798	2	DOT 112S400W 23,800 Gal. Anhydrous Hydrofloric Acid	C	60,505	121,010
11097	GATX 17899 - 17921	23	DOT 111A100W-1 25,800 Gal. Paraxylene	A	41,964	965,172
11098	GATX 20087 - 20091	5	DOT 105J300W 20,500 Gal. Metallic Sodium	C	68,688	343,440
11104	GATX 5574, 5575	2	DOT 111A100W-1 10,800 Gal. 50% Caustic Soda	E	40,300	80,600
11105	GATX 68801 - 68814 68816 - 68859	58	DOT 105J500W 17,368 Gal. 90-Ton Chlorine	C	52,847	3,065,126
11106	GATX 26388 - 26432	45	DOT 105A300W/J100W 25,600 Gal. Ethylene Oxide/Vinyl Chloride	C	54,941	2,472,345
11108	GATX 65661 - 65685	25	DOT 111A100W-1 14,150 Gal. Clay Slurry	F	47,486	1,187,150

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

SCHEDULE A

CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>87-1 Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
11109	GATX 28351 - 28354	4	DOT 111A100W-1 23,150 Gal. Stearic Acid	K	47,487	189,948
11111	GATX 66358 - 66382	25	DOT 111A100W-1 26,000 Gal. Toulene	A	\$ 37,908	\$ 947,700
11113	GATX 28355 - 28370	16	DOT 111A100W-1 23,150 Gal. Aromatics	A	44,328	709,248
11114	GATX 28371 - 28380	10	DOT 111A100W-1 23,150 Gal. General Service	A	44,328	443,280
11118	GATX 30297 - 30300	4	DOT 111A100W-1 29,200 Gal. Alcohol	A	40,039	160,156
11119	GATX 30051 - 30055	5	DOT 111A100W-1 14,150 Gal. Clay Slurry	F	42,940	214,700
11121	GATX 30056 - 30059	4	DOT 111A100W-1 14,150 Gal. Limestone Slurry	F	42,947	171,788
11130	GATX 30060 - 30076	17	DOT 111A100W-1 14,150 Gal. Titanium Dioxide Slurry	F	43,390	737,630
10012 11133	GATX 30077 - 30096	20	DOT 111A100W-1 14,150 Gal. Clay	F	40,243	804,860

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

Building Order	Identifying Marks and Numbers	Number of Cars	87-1		Purchase Price Each	Total Purchase Price
			Description	Basic Group		
Tax Tanks - Group 3						
11125	GATX 34306	1	DOT 111A100W-1 20,000 Gal. Vegetable Oil	A	\$ 43,712	\$ 43,712
11128	GATX 34307 - 34310	4	DOT 111A100W-1 20,000 Gal. Ammonium Thiosulfate	A	47,228	188,912
11136	GATX 34311 - 34335	25	DOT 111A100W-1 20,000 Gal. Refined Vegetable Oil	A	43,621	1,090,525
10013	GATX 34336 - 34355	20	DOT 111A100W-1 20,000 Gal. General Service	A	42,997	859,940**
10016 (11116) (11117)	GATX 28381-28420	40	DOT 111A100W-1 23,150 Gal. Various General Service	A	48,178	1,927,120**
11115	GATX 30301 - 30400	100	DOT 111A100W-1 29,200 Gal. Hexene, Octene	A	40,100	4,010,000**
TOTAL TANKS GROUP 3		<u>455</u>				<u>20,734,362</u>
TOTAL TANKS GROUP 1&3		<u>470</u>				<u>\$21,653,307</u>

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

CAPITAL LEASE DEAL 1987-1

DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

87-1

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
Tax Freight - Group 2						
10011*	GACX 56486 - 56535	50	L.O. Airslide 4,900 Cu. Ft. Starch Flour	L	\$ 61,725	\$3,086,250
Tax Freight - Group 3						
11134	GACX 72815 - 72838	24	Covered Hopper 5,850 Cu. Ft. Plastic Pellets	P	48,847	1,172,328
11124	GACX 72770 - 72814	45	Covered Hopper 5,850 Cu. Ft. Plastic Pellets	P	45,306	2,038,770
11120	GACX 72739 - 72769	31	Covered Hopper 5,850 Cu. Ft. Powdered Clay	P	50,308	1,559,548
TOTAL FREIGHT-GROUP 3		<u>100</u>				<u>4,770,646</u>
TOTAL FREIGHT-GROUP 2&3		<u>150</u>				<u>7,856,896</u>
TOTAL TANK & FREIGHT						<u><u>\$29,510,203</u></u>

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

Interstate Commerce Commission
Washington, D.C. 20423

4/23/87

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th St. N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/23/87 at 3:50pm, and assigned re-
recording number (s) . 15213 & 15214

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 15213 Filed & Recorded

APR 29 1987 3:50 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of April 1, 1987

Between

WILMINGTON TRUST COMPANY,
not individually but solely as Trustee
under GATC Trust No. 87-1

LESSOR

And

GENERAL AMERICAN TRANSPORTATION CORPORATION

LESSEE

(GATC Trust No. 87-1)

This Equipment Lease and certain of the sums due and to become due hereunder have been assigned to, and are subject to a security interest in favor of, Mercantile-Safe Deposit and Trust Company, as Security Trustee, pursuant to a Security Agreement-Trust Deed dated as of April 1, 1987, from Wilmington Trust Company, not individually but solely as Trustee under GATC Trust No. 87-1, as debtor, to said Security Trustee.

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Attachments to Equipment Lease:

Schedule A	-- Description of Items of Equipment
Schedule B	-- Certificate of Acceptance Under Equipment Lease
Schedule C	-- Lease Supplement No. 1
Schedule D	-- Schedule of Casualty Value
Schedule E	-- Schedule of Early Termination Value
Schedule F	-- Schedule of Optional Termination Value
Schedule G	-- Schedule of Fixed Rentals

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of April 1, 1987 between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as trustee (the "Lessor") under the Trust Agreement dated as of April 1, 1987 (the "Trust Agreement") for the benefit of CHRYSLER CAPITAL CORPORATION, a Delaware corporation, and its successors and assigns (the "Trustor"), and GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (the "Lessee");

R E C I T A L S:

A. The Lessee has heretofore acquired, or has entered into purchase orders giving it the right to acquire, the Items of Equipment hereinafter described and certain of such Items have been delivered to and accepted by the Lessee. The Lessee now desires to lease rather than own such Equipment, and for such purpose to enter into this Equipment Lease with the Lessor and further to enter into various bills of sale providing for the transfer to the Lessor of title to those Items of Equipment already delivered to and accepted by the Lessee and will, pursuant to the terms and provisions of the Participation Agreement referred to in Recital C below, enter into one or more bills of sale providing for transfer to the Lessor of title to all remaining Items of Equipment to be delivered and accepted from time to time hereunder. All such bills of sale are herein referred to as the "Bills of Sale".

B. The Lessee and the Lessor intend to enter into an Assignment of Warranties dated as of April 1, 1987 (the "Assignment of Warranties") providing for the assignment of all warranties relating to the Equipment from the Lessee to the Lessor.

C. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of April 1, 1987, as from time to time supplemented or amended, (the "Participation Agreement") with the Trustor, Mercantile-Safe Deposit and Trust Company, as security trustee (the "Security Trustee"), and the institutional investors named in Schedule 2 thereto (the "Note Purchaser") providing for the commitment of the Note Purchaser which, together with funds provided by the Trustor, will permit the Lessor to obtain the funds necessary to purchase from the Lessee the equipment (collectively the "Equipment" or "Items of Equipment" and individually an "Item" or "Item of Equipment") described in Schedule A hereto and made a part hereof. The Trustor will commit to invest funds to the Lessor an amount equal to 24.7937% of the Purchase Price of the Equipment delivered on the Closing Date and the Note Purchaser will commit to purchase the Interim Secured Notes due August 1, 2007 (the "Interim Notes") of the Lessor in an

amount equal to 75.2063% of the Purchase Price of the Equipment delivered on the Closing Dates. On August 1, 1987, the Trustee shall pay the accrued interest on the Interim Notes outstanding on such date and shall issue a Long Term Note in the principal amount equal to the aggregate principal amount of the Interim Notes (the "Long Term Note") against surrender of such Interim Notes. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and any rentals under Permitted Subleases (as hereinafter defined) and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of April 1, 1987 (the "Security Agreement") from the Lessor to the Security Trustee, excluding and reserving the Excepted Rights in the Collateral. Any capitalized term not defined herein shall have the meaning specified in the Participation Agreement.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease. The Lessor shall lease to the Lessee and the Lessee shall lease from the Lessor all Items of Equipment, which are delivered and accepted pursuant to Section 1.2 hereof, for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. On the Closing Date with respect to any Item of Equipment, whether or not any such Item has heretofore been delivered to and accepted by the Lessee, the Lessee shall cause an inspector (who may be an employee of the Lessee) designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order and condition in accordance with the requirements of Section 1.3 hereof, the Lessee shall accept such Item of Equipment hereunder by executing and delivering to the Lessor thereof a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment delivered after August 1, 1987.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to an Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the manufacturer thereof, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce

Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the following rent for each Item of Equipment:

(a) Fixed Rental. For each Item of Equipment, the Lessee shall pay to the Lessor 44 semiannual installments of fixed rental (the "Fixed Rental"), payable as set forth in Schedule G; each such payment shall apply to the rental period set forth opposite the corresponding Fixed Rental Payment Date on Schedule G and shall accrue ratably over such rental period; and

(b) Supplemental Rent. As supplemental rent hereunder (the "Supplemental Rent"), the Lessee shall pay to the person entitled to receive the same, an amount or amounts equal to (i) all fees and expenses of the Security Trustee and its successors (other than the initial fees and expenses payable by the Lessor pursuant to Section 2.6 of the Participation Agreement) incurred in connection with its services as Secured Party under the Security Agreement, (ii) all taxes, if any, in connection with any issuance and sale of the Notes other than taxes on the original issuance and sale thereof which are payable by the Lessor pursuant to Section 2.6 of the Participation Agreement, (iii) all fees and expenses of the Trustee and its successors (other than the initial fees and expenses payable by the Lessor pursuant to Section 2.6(h) of the Participation Agreement) incurred in connection with its services as Lessor under this Lease and (iv) all other amounts which the Lessee is obligated to pay under the Operative Agreements.

2.2. Rent Payment Dates. The basic term of this Lease shall begin on August 1, 1987 (the "Term Lease Commencement Date"), and end on July 31, 2009 (the "Basic Lease Term"). The first installment of Fixed Rental for each Item of Equipment shall be due and payable on February 1, 1988 and the balance of said installments shall be payable on each August 1 and February 1 thereafter with the final such installment payable on February 1, 2009. Each payment of Supplemental Rent shall be payable on the date specified in the Operative Agreements, or if not so specified, then on demand at such time as such fees, expenses or other amounts are due. If any of the rent payment dates is not a

business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Illinois, Connecticut, New York, Maryland or Delaware are authorized or required to close.

2.3. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) Each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 22.1 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided, further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(b) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof or Early Termination Value or Optional Termination Value pursuant to Section 19 hereof shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 22.1 hereof (identifying the same as a payment of Casualty Value, Early Termination Value or Optional Termination Value, as the case may be, relating to GATC Trust No. 87-1); provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such Casualty Value, Early Termination Value or Optional Termination Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such wire transfer in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(c) The amount of any payment owing to the Lessor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 22.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(d) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(e) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make all reasonable efforts to cause those payments due hereunder by wire transfer where specified above to be so wired as soon as practicable after the opening of business in Chicago, Illinois on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Fixed Rental and Supplemental Rent and other amounts payable under the Operative Agreements shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of all or any Item of Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment, the interference with such use by any Participant, Trustee, Security Trustee or any other private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, the insolvency of the Lessee, the commencement of any proceeding by or against the Lessee for relief under any bankruptcy or similar law for the relief of debtors, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events

unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

2.5. Adjustment of Rentals. (a) The Casualty Value, Early Termination Value and Optional Termination Value tables and the installments of Fixed Rentals attached hereto as Schedules D, E, F and G, respectively, have been calculated on the assumptions that:

(i) The Items of Equipment in the amounts of the assumed Purchase Price indicated below will be eligible on their respective Closing Dates for the indicated Investment Tax Credit ("ITC") and depreciation deductions on the basis more fully set forth in Section 2 of the Tax Indemnity Agreement and as follows:

<u>Tax Group</u>	<u>Car Type</u>	<u>ITC</u>	<u>Depreciation</u>	<u>Purchase Price</u>
1	Tank Cars	8.25%	10 years ACRS	\$ 918,941
2	Freight Cars	8.25%	5 years ACRS	2,530,725
3	Tank Cars & Freight Cars	0.00%	7 years MACRS	12,793,317 <u>4,741,765</u>
	Total			\$20,984,748

(ii) Items of Equipment as designated above, having an aggregate Purchase Price equal to \$20,984,748 shall have been or shall be delivered and accepted and settled for pursuant to the Participation Agreement in the percentage of aggregate Purchase Price set forth below and on the dates indicated:

<u>Delivery and Closing Dates</u>	<u>Tax Group of Equipment</u>	<u>Percentage of Purchase Price</u>
April 21, 1987	1	4.38
	2	1.76
	3	13.59
June 17, 1987	2	6.18
	3	53.06
July 17, 1987	2	4.12
	3	16.91

(iii) The Interim Notes and the Long Term Notes will bear interest at 9.395% per annum computed on the basis of a 360-day year of twelve 30-day months, and payments of principal and interest on the Notes will be made semi-annually as provided in Section 2.2 of the Participation Agreement;

(iv) The aggregate of all fees and expenses listed in Section 2.6 of the Participation Agreement, equal 1.5% of the Purchase Price of the Equipment;

(v) The Lenders have purchased the Notes pursuant to Section 2.2(b) of the Participation Agreement;

(vi) The Notes will not be reoptimized pursuant to Section 2.8 of the Participation Agreement.

If any such assumption shall prove to be incorrect (other than in the case of the assumption in clause (i) above proving to be incorrect solely by reason of the failure of the Trustor to be characterized as the owner of the Equipment for Federal income tax purposes), that any such assumption shall not prove to be incorrect by reason of any event of circumstance described in Section 6(c)(1) - (6) of the Tax Indemnity Agreement or by reason of any failure of this Lease to be treated as a true lease for federal income tax purposes), then the Lessor acting in good faith shall, prior to the first payment of Fixed Rental, recompute such installments of Fixed Rental and the Casualty Value, Early Termination Value and Optional Termination Value tables higher or lower using its best efforts to maintain the same nominal after-tax book yield and net after tax cash flow as originally contemplated by the Trustor in entering into this transaction, but without any obligation to cause such yield and cash flow to be lower than as originally contemplated; provided, that such adjustments shall comply with the Guidelines (as hereinafter defined), Section 467 of the Code and any other published or announced position of the Internal Revenue Service; and provided, further, that each installment of Fixed Rental shall be in an

amount sufficient to pay on each installment date the principal of, and interest on, the Notes due on such date without acceleration, and the Casualty Value, Early Termination Value and Optional Termination Value as of any date shall be sufficient to pay the aggregate unpaid principal amount of, and interest and premium, if any, on, the Notes outstanding as of such date. Such recomputation shall be based upon the assumptions and methods of calculation utilized by the Lessor in computing the amounts thereof originally set forth in this Lease. On or before the second payment of Fixed Rental, the Lessor and the Lessee shall execute and deliver a Lease Supplement, substantially in the form of Schedule C hereto, reflecting any revisions to Section 2.1(b) hereof and to Schedules D, E, F and G hereof. The term "Guidelines" as used herein shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529.

(b) If any change in any tax law shall be enacted or any regulation shall be published prior to the Term Lease Commencement Date which alters or eliminates any of the Tax Assumptions (as defined in the Tax Indemnity Agreement), then prior to the Term Lease Commencement Date, the Trustor may recalculate Casualty Value, Early Termination Value and Optional Termination Value tables and the installments of Fixed Rental attached hereto as Schedules D, E, F and G, respectively, based on such tax change (such recalculation to be consistent with the provisions of Section 2.5(a)), and such recalculated schedules shall apply only to any Equipment delivered on any Closing Date occurring after the date that the recalculation was made. No later than the following business day after such recalculation, the Trustor shall send a notice to the Lessee, the Note Purchaser, the Security Trustee and the Lessor showing such recalculated schedules and notifying such parties that such schedules shall be applicable to any further Closing Dates. Upon receipt of such schedules, but in no event later than five days after the receipt thereof, the Lessee may elect to not deliver any further Equipment under this Lease and shall serve notice to such effect to the Lessor, the Note Purchaser, the Trustor and the Security Trustee.

SECTION 3. TERM OF THE LEASE.

(a) The interim term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11 and 14 hereof, shall terminate on the Term Lease Commencement Date.

(b) The Basic Lease Term as to each Item of Equipment shall begin on the Term Lease Commencement Date and, subject to

the provisions of Sections 11, 14 and 19 hereof, shall terminate 22 years following the Term Lease Commencement Date.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee or any Sublessee under any Permitted Sublease.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"TITLE TO THIS CAR IS VESTED IN A TRUSTEE
UNDER AN EQUIPMENT TRUST AGREEMENT RECORDED
UNDER SECTION 11303 (FORMERLY 20C) OF THE
INTERSTATE COMMERCE ACT OR VESTED IN ANOTHER
PERSON OR ENTITY AND SO RECORDED."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will replace promptly any such names and word or words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identifying number of any Item of Equipment unless and until (i) a statement of new identifying numbers to be substituted therefor shall have been delivered to the Lessor and the Security Trustee by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited and (ii) the Lessee shall have furnished the Security Trustee and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect, preserve and maintain the Lessor's title to, or the Security Trustee's security interest in such Equipment and no filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect, preserve and maintain the interests of the Security Trustee and the Lessor in such Equipment while operating in any jurisdiction wherein the Security Agreement or any instrument in respect thereof has been or is required to be filed, registered, deposited or recorded as provided in the Security Agreement. The Lessor agrees to execute all amendments hereto necessary to accomplish such filings, recordings and deposits.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any sublessees under Permitted Subleases on railroad equipment used by any of them of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease or of any sublessee to use the Equipment under any Permitted Sublease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, WHERE-IS, WITH ALL FAULTS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE TRUSTOR, AND THE LESSOR AND THE TRUSTOR EACH EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturer thereof, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of

Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and fiduciary capacities, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) and their respective successors and assigns and agents and employees from and against the following to the extent not caused by the gross negligence or willful misconduct of such party:

(a) any and all loss or damage to the Equipment, ordinary wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them relating to any Item of Equipment or any part thereof, or any Operative Agreement (but only with respect to any act or omission of Lessee, provided that this parenthetical shall not apply to the indemnity of the Lessor in its individual capacity), including, without limitation, (i) the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) arising out of this Lease, the Participation Agreement, the Security Agreement, the Bills of Sale or the Assignment of Warranties, (iv) as a result of claims for patent, trademark or copyright infringements, (v) as a result of claims for negligence or strict liability in tort, (vi) any violation of any other agreement, or any law, rule, regulation, ordinance or restriction affecting or applicable to (x) the Equipment, (y) any Operative Agreement (but only with respect to any act or omission of Lessee, provided that this parenthetical shall not apply to the indemnity of the Lessor in its individual capacity) or (z) the leasing, ownership, use, replacement, adaption or maintenance thereof and (vii) any requirement that the Lessor

or the Trustor qualify to do business as a foreign corporation in any jurisdiction within or without the United States as a result of the use or location of any Equipment therein.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee to any party at any time a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

In the event the Lessee is required to make any payment under this Section 6.1, the Lessee shall pay such indemnified person an amount which, after deduction of all taxes required to be paid (net of any actual permanent tax benefit currently realized as a result of payment by the indemnified person of its claim or expense under the preceding paragraph) by such indemnified person in respect of the receipt or accrual thereof under the laws of any Federal, state or local government or other taxing authority in the United States or any foreign jurisdiction or of any political subdivision thereof, calculated at the maximum applicable marginal statutory rates then in effect, shall be equal to the amount of such payment. The amount of any indemnity with respect to foreign taxes paid shall in respect of any indemnified person be reduced to the extent such indemnified person receives and utilizes a credit therefor against its United States Federal income tax liability, determined in the same manner as provided by Section 10.2 hereof. All amounts required to be paid pursuant to this Section 6.1 shall be made directly to or as otherwise requested by the indemnified person entitled thereto upon written demand by such indemnified person.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii), (v), (vi) or (vii) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be, and except for any such matters attributable to any action, inaction, event or condition occurring or existing before the return of the Equipment to the possession of the Lessor as provided in Section 13 or 15 hereof, as the case may be.

The indemnities provided for in Section 6.1 are expressly subject to the following: in case any action, including

any investigatory proceeding, shall be brought against (including without limitation any counter-claim or cross-claim), or commenced with respect to, any person thereby indemnified (an "Indemnified Person") in respect of which Lessee is required or has been requested to indemnify such Indemnified Person pursuant to the provisions of Section 6.1, Lessee shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Person and the payment of all expenses, provided that Lessee shall have first delivered to such Indemnified Person a written acknowledgment by Lessee of its liability to the Indemnified Person for any indemnity payment hereunder arising from such action, if and to the extent the Indemnified Person does not prevail in the contest. In the event Lessee assumes the defense of any such action, any Indemnified Person shall have the right to employ separate counsel in such action and participate therein, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the employment of such counsel has been specifically authorized by Lessee; (ii) the named parties to such action (including any impleaded parties) include both such Indemnified Person and Lessee and representation of such Indemnified Person and Lessee by the same counsel would be inappropriate under applicable standards of professional conduct due to actual or potential conflicting interests between them, or (iii) the counsel employed by Lessee and satisfactory to such Indemnified Person has advised such Indemnified Person, in writing, that such counsel's representation of such Indemnified Person would be likely to involve such counsel in representing differing interests which could adversely affect either the judgment or loyalty of such counsel to such Indemnified Person, whether it be a conflicting, inconsistent, diverse or other interest unless Lessee promptly provided new counsel reasonably satisfactory to such Indemnified Person (and if Lessee does not, Lessee shall not have the right to assume the defense of such action on behalf of such Indemnified Person). Lessee shall not be liable for any settlement of any such action effected without its consent (which shall not be unreasonably withheld), but if settled with the consent of Lessee, Lessee agrees to indemnify and hold harmless such Indemnified Person from and against any loss or liability by reason of such settlement. Notwithstanding any of the foregoing to the contrary, Lessee shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings (1) while an Event of Default shall have occurred and be continuing, or (2) if such proceedings will involve a more than an insubstantial danger, as determined in good faith by the Security Trustee or the Lessor, of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on, the Equipment or any part thereof or (3) if, in the reasonable opinion of such Indemnified Person such proceedings are likely to (A) materially adversely affect the reputation of such Indemnified

Person or of any Affiliate thereof, or (B) involve substantial adverse publicity, or (C) materially adversely affect the responsibilities of such Indemnified Person or any Affiliate thereof to third parties. In the event that an Indemnified Person retains control of a judicial or administrative proceeding as a result of clause (3) above, such Indemnified Person shall conduct or contest such proceeding in good faith, and shall upon reasonable request keep Lessee advised of the progress of the proceeding and consult with Lessee's counsel.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time (the "Interchange Rules"), and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment) with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified (the "Alterations") on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such Alterations at its own expense and title thereto shall be immediately vested in the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with federal regulations and the Interchange Rules and in conformance with any mandatory safety bulletins of the Manufacturer, any requirements pertaining to warranties of the Manufacturer or insurance policies maintained pursuant to Section 11.1 hereof. In no event shall the Lessee discriminate as to the use or maintenance of any Item of Equipment (including the periodicity of maintenance or recordkeeping in respect of such Item) in contrast to equipment of a similar nature which the Lessee owns or leases. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify or alter or make any additions or improvements to any Item of Equipment in any manner which will decrease the value, utility or marketability of such Item of Equipment or which would make such Item of Equipment "limited use property" (as defined in the

Guidelines). Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. Title to any additions or improvements other than those referred to in the preceding sentence which are readily removable without causing material damage to such Item of Equipment shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will either, (i) prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment or (ii) if the Lessor so requests, sell the same to the Lessor at the fair market value thereof (such value to be determined by mutual agreement of the Lessor and the Lessee). In the event the Lessee shall cause to be made any alterations, additions, modifications or improvements to any Item of Equipment which, in the Lessee's reasonable judgment, might be deemed to have income tax consequences to the Lessor, the Lessee will promptly notify the Lessor of such alteration, addition, modification or improvement.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge (i) any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, (ii) any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and (iii) any other liens or charges which arise by virtue of claims against, through or under any other party other than any liens or charges which the Lessor is obligated to discharge pursuant to Section 2.2 of the Security Agreement or which the Trustor is obligated to discharge pursuant to Section 7 of the Participation Agreement (the "Lessor's Liens"), but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. During the primary term and any renewal term of this Lease, but only if the Security Agreement has been terminated according to its terms, the Lessor may create or permit liens securing indebtedness for borrowed money to be placed on the Equipment; provided, that no such lien shall adversely affect Lessee's operation or use of Equipment during such term. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee (including, without limitation, all such acts required pursuant to Sections 6.10 and 6.11 of the Security Agreement), for the purpose of protecting, preserving and maintaining the Lessor's title to, or the Security Trustee's security interest in, any Item of Equipment to the satisfaction of the Lessor or the Security Trustee or their respective counsel or for the purpose of carrying out the intentions of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Security Trustee that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of State and Local Taxes. The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and fiduciary capacities, the Trust Estate, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) and their respective successors and assigns (collectively, the "Indemnitees", and individually, an "Indemnitee") from and against, and as between the Lessee and each Indemnitee the Lessee hereby assumes liability with respect to, all fees (including, without limitation, license fees and registration fees), taxes (including, without limitation, income, gross receipts, franchise, sales, use, value added, property and stamp taxes), assessments, levies, imposts, duties, charges or withholdings of any nature whatsoever, together with any and all penalties, additions to tax, fines or interest thereon imposed against any of the Indemnitees, any Item of Equipment or the Lessee, upon, arising from or relating to (i) any Item of Equipment, (ii) the construction, financing, purchase, delivery, ownership, acceptance, rejection, possession, improvement, use, operation, leasing, condition, maintenance, repair, sale, return,

storage, abandonment or other application or disposition of any Item of Equipment, (iii) the rental payments, receipts or earnings arising from any Item of Equipment or payable pursuant to this Lease, or (iv) the Operative Agreements or the Notes or otherwise with respect to or in connection with the transactions contemplated thereby (herein called "Impositions"); provided that, except with respect to indemnification payments hereunder or payments pursuant to this Section 10.2, Impositions shall not include as to each respective Indemnatee: (i) United States Federal income tax liability and, to the extent that such respective Indemnatee receives and utilizes a credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnatee, payable by such respective Indemnatee in consequence of the receipt of payments provided herein, provided, however, that any income tax imposed by a foreign jurisdiction in which no Item of Equipment was ever physically present shall not be an Imposition whether or not a credit is received and utilized unless such Indemnatee would not have been subject to such tax if it had not entered into such Transaction (as defined in the Tax Indemnity Agreement), and provided further that any income tax imposed by a foreign jurisdiction which imposes taxes on a unitary basis shall (unless such Indemnatee would not have been subject to such tax if it had not entered into such Transaction) be an Imposition only to the extent that the taxes payable to such taxing authority are increased as a result of the physical presence of any Item of Equipment in such jurisdiction and a credit is not received and utilized for such increase; (ii) the aggregate of all franchise taxes measured by the net income of such Indemnatee based on such receipts imposed by any state or political subdivision thereof in which no Item of Equipment was ever physically present unless such Indemnatee would not have been subject to such tax if it had not entered into such Transaction; (iii) the aggregate of all state or local taxes, including franchise taxes (other than those specified in (ii)) measured by the net income of such Indemnatee (herein called "Income Taxes") imposed by any state (including the "Home State" as defined below) or political subdivision thereof (and any other state or local taxes imposed by a jurisdiction which relieve dollar for dollar such an Indemnatee of Income Taxes which are otherwise imposed by such jurisdiction) to the extent that such aggregate does not exceed the aggregate amount of Income Taxes which would be payable to the state, county, city or other local tax jurisdictions in which such Indemnatee has its principal place of business (the "Home State") without apportionment to any other state; and (iv) any amount that is imposed as a result of the sale, transfer or other disposition, by the Lessor or the Trustor of any of its rights with respect to any Item of Equipment unless an Event of Default or an event which, with the giving of notice or lapse of time or both, would constitute an Event of Default, shall have occurred and be continuing at the time of such sale, transfer or other disposition; provided, however that notwithstanding the immediately preceding clauses (i)-(iv),

Imposition shall specifically include the amounts of any withholding taxes imposed by any governmental entity.

For purposes of this Section 10.2 (and Section 6.1), in determining the order in which any Indemnatee utilizes withholding or other foreign taxes as a credit against such Indemnatee's United States income taxes such Indemnatee shall be deemed to utilize (i) first, all foreign taxes other than those described in clause (ii) below; provided, however, that such other foreign taxes which are carried back to the taxable year for which a determination is being made pursuant to such paragraph (i) shall be deemed utilized after the foreign taxes described in clause (ii) below, and (ii) then, on a pro rata basis, all foreign taxes (including fees, taxes and other charges hereunder) with respect to which such Indemnatee is entitled to obtain indemnification pursuant to an indemnification provision contained in any lease, loan agreement, financing document or participation agreement (including this Lease).

The Lessee agrees to pay, on demand, any and all Impositions, and to keep at all times all and every part of each Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnatee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Imposition so long as either the Indemnatee or the Lessee is contesting in good faith and by appropriate legal proceedings such Imposition pursuant to the second succeeding paragraph of this Section 10.2 and the nonpayment thereof does not, in the reasonable opinion of the Indemnitees, adversely affect the interest of any Indemnatee hereunder or under the Security Agreement.

If any Impositions shall have been charged or levied against any Indemnatee directly and paid by such Indemnatee after such Indemnatee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnatee on presentation of invoice therefor. Prior to making such payment, such Indemnatee shall promptly notify the Lessee of the Impositions charged or levied (but the failure to so notify the Lessee shall relieve the Lessee of its obligation hereunder only to the extent such failure eliminates a claim of the Lessee) hereunder.

If the Lessee shall request within 30 days after receipt of such notice, then such Indemnatee shall in good faith at the Lessee's expense contest such Imposition; provided, however, that such Indemnatee may in its sole discretion select the forum for such contest and determine whether any such contest shall be by (i) resisting payment of such Imposition, (ii) paying such Imposition under protest or (iii) resisting payment of such Imposition or (iv) paying such Imposition and seeking a refund

thereof; provided, further, however, that (v) at such Indemnatee's option, such contest shall be conducted by the Lessee in the name of the Lessee or the name of such Indemnatee. In no event shall such Indemnatee be required or the Lessee be permitted to contest any Imposition for which the Lessee is obligated to indemnify pursuant to this Section unless: (i) such Lessee shall have acknowledged its liability to such Indemnatee for an indemnity payment pursuant to this Section as a result of such claim if and to the extent such Indemnatee or the Lessee, as the case may be, shall not prevail in the contest of such claim; (ii) such Indemnatee shall have received the opinion of independent tax counsel selected by the Indemnatee and satisfactory to the Lessee furnished at Lessee's sole expense, to the effect that a reasonable basis exists for contesting such claim or, in the event of an appeal, that it is more likely than not that an appellate court or an administrative agency with appellate jurisdiction, as the case may be, will reverse or substantially modify the adverse determination; (iii) the Lessee shall have agreed to pay such Indemnatee on demand all reasonable costs and expenses that such Indemnatee may incur in connection with contesting such claim (including, without limitation, all costs, expenses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to the Imposition); (iv) no Event of Default shall have occurred and shall be continuing; (v) such Indemnatee shall have determined that the action to be taken will not result in any substantial danger of sale, forfeiture or loss of, or the creation of any Lien (except if such Lessee shall have adequately bonded such Lien or otherwise made provision to protect the interests of such Indemnatee in a manner satisfactory to such Indemnatee on the Equipment or any portion thereof or any interest therein; (vi) the amount of such claims alone, or, if the subject matter thereof shall be of a continuing or recurring nature, when aggregated with identical potential claims during the five succeeding calendar years relating to the same number of Items of Equipment to which such claim pertains shall be at least \$25,000; and (vii) if such contest shall be conducted in a manner requiring the payment of the claim, the Lessee shall have paid the amount required.

Notwithstanding anything contained in this Section to the contrary, no Indemnatee shall be required to contest any claim if the subject matter thereof shall be of a continuing or recurring nature and shall have previously been adversely decided to the Indemnatee unless there shall have been a change in the law (including, without limitation, amendments to statutes or regulations, administrative rulings or court decisions) enacted, promulgated or effective after such claim shall have been so previously decided, and such Indemnatee shall have received an opinion of independent tax counsel selected by the Indemnatee and reasonably satisfactory to Lessee, furnished at the Lessee's sole expense, to the effect that such change is favorable to the position which such Indemnatee or the Lessee, as the case may be, had asserted in such previous contest.

With respect to any payment or indemnity hereunder, such payment or indemnity shall include an amount payable to the Indemnitee sufficient to hold such Indemnitee harmless on an after-tax basis (after taking into account any current tax benefit with respect to taxes of the type described in the succeeding portion of this sentence properly available with respect to such payment or indemnity or event giving rise thereto) from all taxes required to be paid by such Indemnitee with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in or of the United States, or under the laws of any taxing authority or governmental subdivision in or of a foreign country. If any Indemnitee subsequently realizes and recognizes a permanent tax benefit on a current basis by reason of a payment or indemnity to such Indemnitee by the Lessee, pursuant to this Section 10.2 or Section 6.1 hereof, or event giving rise thereto, such Indemnitee shall pay to the Lessee an amount equal to the sum of such tax benefit plus any tax benefit realized as the result of any payment made pursuant to this proviso, when, as, if and to the extent realized; provided that, if at the time such payment shall be due to the Lessee an Event of Default or an event which, with the giving of notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing under the Lease, such amount shall not be payable until such Event of Default or event shall have been cured; provided further that such amount shall not exceed the amounts previously paid by the Lessee to such Indemnitee pursuant to this Section 10.2 less the amount of all prior payments by such Indemnitee to the Lessee pursuant to this sentence.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnitee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnitee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnitee and deliver the same to each Indemnitee within a reasonable period prior to the date the same is to be filed.

The Lessee's liability with respect to any Imposition pursuant to this Section 10.2 that accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed in full by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee will at all times after delivery and acceptance of each Item of Equipment, at its own

expense, keep or cause to be kept each such Item insured by a reputable insurance company or companies in amounts and against risks (including comprehensive general public liability insurance) and with deductibles and terms and conditions not less than the insurance, if any, maintained by the Lessee with respect to similar equipment which it owns or leases, but in no event shall such coverage be for amounts or against risks less than the prudent industry standard. Without limiting the foregoing, the Lessee will:

(a) keep each Item of Equipment insured against casualty in an amount not less than the greater of (x) the depreciated value attributable to such Item of Equipment by the Association of American Railroads and (y) the portion of the aggregate principal amount of Notes outstanding attributable to such Item of Equipment, provided that if such coverage provides for deductible amounts such deductible amounts shall be the lowest available at a commercially reasonable cost, but in any event not more than \$500,000 per occurrence (but Lessee shall not be required in any event to provide for deductible amounts less than \$100,000) and that the aggregate coverage of such insurance shall not be less than \$5,000,000 per occurrence. The policies of insurance covering the Equipment shall provide that (i) claims, if any, thereunder shall be payable to the Lessor; provided that in the event any such insurance shall be in effect with respect to the Equipment prior to the payment in full of all principal of, premium, if any, and interest on the Notes, all payments thereunder shall be made to the Security Trustee under a mortgagee loss payable clause, and (ii) so long as no Event of Default shall have occurred and be continuing, claims, if any, thereunder shall be adjusted with the insurer by the Lessee, subject to approval by the Lessor and the Security Trustee if the loss from any one occurrence equals or exceeds \$500,000; and

(b) maintain general public liability insurance against bodily injury, death or property damage arising out of the use or operation of the Equipment with general liability limits of not less than \$50,000,000 per claim or occurrence or in the aggregate, provided that such coverage may provide for self retained amounts not exceeding \$6,000,000. Such policies shall insure the Trustor, the Lessor, as Trustee under GATC Trust No. 87-1 and in its individual capacity, the Note Purchaser and the Security Trustee. The Lessee shall use its commercially reasonable best efforts to obtain policies that insure the foregoing parties regardless of any breach or violation of any warranty, declaration or condition therein contained in such policy by the Lessee

or any other person (other than the Trustor, the Lessor, the Note Purchaser and the Security Trustee, but only in respect of their respective coverages).

The Lessee may self-insure with respect to the Equipment for such amounts and against such risks as shall be consented to by the Lessor and the Security Trustee, which consent shall not be unreasonably withheld.

Subject to the Security Trustee's rights under the Security Agreement, all proceeds of insurance received by any party other than the Lessee with respect to any Items of Equipment not suffering a Casualty Occurrence (as hereinafter defined) shall be paid thereby to the Lessee upon reasonable proof that any damage to any Item with respect to which such proceeds were paid has been fully repaired. Any such proceeds of insurance received by any party with respect to a Casualty Occurrence shall be credited thereby toward the payment required by this Section 11 with respect to such Casualty Occurrence.

No policy maintained pursuant to Section 11.1(a) shall invalidate the coverage thereof due to any action or inaction of the Lessee or any other person (other than the Trustor, the Lessor or the Security Trustee, but only in respect of their respective coverages). The Lessee shall furnish the Lessor with certificates or other satisfactory evidence of maintenance of the insurance required hereunder or with a certificate of nationally recognized reputable insurance brokers or agents not affiliated with the Lessee stating that the insurance maintained by the Lessee complies with the requirements of this Section, and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal upon the expiration of the original policy or policies. All such policies shall provide for at least 30 days prior written notice to the Lessor and the Security Trustee if the same shall be cancelled, not renewed or materially changed. For purposes of this Section 11.1, "material changes" shall be changes in limits, exclusions or deductibles (which relate to casualty insurance or which violate provisions of this Lease which relate to liability insurance).

In the event any general public liability insurance required to be maintained under this Section 11.1(b) shall not be available at commercially reasonable premiums in the commercial insurance market, Lessor shall not unreasonably withhold its agreement to waive such requirement to the extent the maintenance thereof is not so available; provided, however, that (i) Lessee shall first request any such waiver in writing, which request shall be accompanied by written reports prepared by one independent insurance advisor chosen by the Lessor or two independent insurance advisors chosen by the Lessee, one of which may be the regular insurance broker or brokers of the Lessee (choice of one advisor chosen by the Lessor or two by the Lessee being at

Lessee's option), such independent insurance advisors being recognized national standing, and whose written reports state that such insurance is not reasonably available in the commercial insurance market from insurers with a Bests rating of B+ or better and acceptable to the Lessee and at economically reasonable premiums for railcars of similar type and capacity and explaining in detail the basis for such conclusions, such insurance advisors and the form and substance of such reports to be reasonably acceptable to the Participants; (ii) at any time after the granting of any such waiver, but not more often than twice a year, Lessor may request, and Lessee shall furnish to Lessor within 30 days after such request supplemental reports reasonably acceptable to Lessor from such insurance advisors updating their prior reports and reaffirming such conclusions; (iii) any such waiver shall be effective only as long as such insurance shall not be reasonably available in the commercial market, it being understood that the failure of Lessee to furnish timely any such supplemental report shall be conclusive evidence that such condition no longer exists, but that such failure is not the only way to establish such condition no longer exists; and (iv) if Lessor agrees to such waiver, the Lessee shall maintain coverage in accordance with prudent industry standards.

Any insurance carried in accordance with this Section 11.1(b) shall be endorsed to provide that in as much as such policy or policies are written to cover more than one insured all terms, conditions, insuring agreements and endorsements, with the exception of limits of liability, shall operate in the same manner as if there were a separate policy or policies covering each insured.

In no event shall the Equipment be used as a unit-train configuration without the consent of the Participants.

11.2. Casualty Occurrence and Duty of Lessee to Notify Lessor. In the event that any Item of Equipment (i) shall be or become lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or (ii) shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease, or (iii) remains in a condition which renders it physically inoperable because of a need for heavy repair for a period of six consecutive months, provided that such period shall be extended for a period equal to any period (not to exceed six months) during which such Item of Equipment cannot be put into operable condition due to strikes, work stoppages or other events beyond the Lessee's reasonable control, or (iv) shall have its title taken by any governmental entity by condemnation or otherwise, or (v) shall be taken or requisitioned by any foreign

governmental entity for a stated period longer than one year or for an indefinite period which shall extend for more than one year, or (vi) as a result of any rule, regulation, order or other action by the United States Government or any agency or instrumentality thereof, the use of such Item of Equipment in the normal course of interchange shall have been prohibited for a continuous period of six months (which period shall be extended during such time that the Lessee shall be diligently pursuing appropriate repair or modification of such Item of Equipment in order to remove such prohibition); provided, however that such a prohibition shall not constitute a Casualty Occurrence if any economically reasonable modification, alteration or other change of such Item of Equipment would permit such Item of Equipment to be used in such interchange, and such modification, alteration or other change is being made by the Lessee (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Trustor, the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment (or within 30 days after such notice in respect of any Casualty Occurrence after the expiration of the term of this Lease while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, in which case Lessee shall pay to Lessor an additional amount equal to the daily rental on each such Item of Equipment based on the average fixed rentals paid on such Equipment during the immediately preceding year for each day from and including the last day of the Basic Lease Term to but excluding the date of payment of the Casualty Value), shall pay to the Lessor any rentals or other sums with respect to such Item due and accrued prior to or on such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment shall, in the case of arrears payments, terminate upon the Casualty Value payment date and, in the case of advance payments, terminate on the rent payment date next preceding the Casualty Value payment date, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the amount of the Casualty Value attributable thereto which the Lessee has previously paid to the Lessor pursuant to Section 11.3 hereof, but, if Lessor shall so request, the excess, if any, of such amounts over such Casualty Value shall be paid to the Lessor, provided that the Lessee may always retain the excess, if any, of the insurance proceeds over such Casualty Value. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule D opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. (a) In the event that during the term of this Lease (i) the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease and such requisition or taking does not constitute a Casualty Occurrence under Section 11.2 or (ii) any requisition or taking by any governmental authority occurs other than that set forth in

clause (i) which does not constitute a Casualty Occurrence under Section 11.2, the Lessee's obligation to pay all installments of rental and other sums with respect to such Items of Equipment shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

(b) Notwithstanding anything to the contrary in Section 14.2, if an Item of Equipment is requisitioned or otherwise taken by any governmental authority pursuant to paragraph (a) above and an Event of Default occurs with respect to such Equipment (other than under §14.1(a) hereof), then (i) the Lessor shall have the right to declare such Event of Default with respect to such Equipment to be a Casualty Occurrence under Section 11.2, (ii) such Event of Default shall be deemed to not be an Event of Default under Section 14.1, and (iii) the Lessor shall not be permitted to exercise any rights or remedies under Section 14.2.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1, 1988 and on each May 1 thereafter during the term of this Lease, the Lessee will furnish to the Trustor, the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and each Note Purchaser) an accurate statement (i) as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), at the request of the Lessor, a list of Items of Equipment being repaired (other than running repairs) showing repairs being made to such Items and how long such Items have been out of service, and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, provided that in the event Items of Equipment have sustained heavy railroad damage which has not been repaired by such December 31, Lessee shall identify in the statement by number such Items of Equipment, and (b) stating that, in the case of all Equipment repaired during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced and (ii) stating that no Event of Default has occurred and is continuing, or if one has occurred, describing the status thereof.

12.2. Lessor's Inspection Rights. The Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and each Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at reasonable times to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease and the Lessee's records with respect to the subleases of the Equipment.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, including any optional renewal term pursuant to Section 18 hereof, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor to one of three storage track locations of the Lessee as mutually agreed to by the Lessor and the Lessee (the "Designated Location") and permit the Lessor to store such items of Equipment on such tracks for a period not exceeding 120 days (or such reasonable time as the Lessor shall request) after at least 98% of the Items of Equipment are located at the three Designated Locations. The Lessee will transport each Item of Equipment at any time from such Designated Location to any place within the continental United States on any railroad lines or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 15 days written notice to the Lessee. Storage of each such Item is to be at the risk and expense of the Lessee for 60 days, and the Lessee agrees to maintain the insurance on such Item required by Section 11.1 hereof for such 60 days, after which time storage of each such Item is to be at the risk and expense of the Lessor. Any movement of an Item of Equipment pursuant to the second preceding sentence from such Item's Designated Location to a point within 500 miles of such location will be at the risk and expense of the Lessee; thereafter, any such movement of such item beyond 500 miles from such Item's Designated Location will be at the Lessor's risk and expense for such movement exceeding 500 miles. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. During the first 60 days of such storage period the Lessee, at its expense (and subsequently upon the request and at the expense of the Lessor) shall, in addition to the foregoing, maintain the Equipment in such manner as the Lessee normally

maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, which maintenance shall in no event be to a standard lower than that required by industry standards.

All amounts earned in respect of the Equipment after the date of expiration of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall belong to the Lessee and, if received by the Lessor, shall be promptly turned over to the Lessee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided on the day after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day from and after the expiration date of the Lease an amount equal to the higher of (i) an amount equal to the daily equivalent of the annual rental in effect immediately prior to the expiration of the Lease for such Item of Equipment, or (ii) the Fair Rental Value (determined in the manner provided in Section 14.2 hereof) for such Item for each such day.

Each Item returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee (ordinary wear and tear excepted) and of the same DOT class and capable of carrying the same or similar commodity as listed in Schedule A hereto, (ii) meet the standards then in effect for railroad equipment of the same type and age as the Equipment under the Interchange Rules and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) have been maintained in accordance with provisions of Section 8 hereof, (iv) have attached or affixed thereto any special device considered an accession thereto as provided in Section 7 or 8 hereof and have removed therefrom any such device not so considered an accession, (v) have any lining remaining therein in a condition satisfactory to carry the commodity carried by such Item immediately prior to the return of such Item hereunder (in no event shall the Lessee discriminate as to the commodity carried by any Item of Equipment in contrast to equipment of a similar nature and similar service which the Lessee owns or leases) and (vi) have had removed or painted over any name, logo or other special markings of the Lessee or any sublessees in a workman-like manner.

If the Lessor shall so request, the Lessor and Lessee shall hire an inspector acceptable to each of them (the "Inspector") and whose fee shall be born equally by both Lessor and Lessee, to determine whether or not such Item or Items are in compliance with items (i) through (vi) listed in the preceding paragraph, provided that (a) the Inspector shall apply reasonable railroad standards in determining the foregoing and (b) the Lessor shall request to hire such inspector within 10 days after such Item is returned to the Lessor. If the Inspector determines that any Item of Equipment is not in compliance with all of the clauses

(i) through (vi) of the immediately preceding paragraph (x) Lessee shall as promptly as practicable and at its own cost cause such Item to so comply in the opinion of the Inspector and (y) Lessee shall pay to the Lessor a sum equal to the daily rental on each such Item of Equipment (based on the average of the rental payments on such Item of Equipment during the immediately preceding year) not so complying from the date of the return of such Equipment to the Lessor until such Item of Equipment is determined to be in compliance by the Inspector; provided that if the Lessor has in storage other Items of Equipment of the same type as the Items not so complying (unless Lessor can prove that it would have been able to lease or sell the complying Items had the non-complying Items been in compliance) the Lessee shall not pay the above prescribed amount to the Lessor, provided, however, that in the event the Lessee reasonably demonstrates that failure to comply does not damage the interest of the Lessor, the Lessee shall not be required to comply with (x) or (y) above.

The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree, or order of any court or any order, rule, or regulation of any administrative or governmental body):

(a) Default shall be made in the payment of any part of the, Fixed Rental, Casualty Value, Early Termination Value, Optional Termination Value or Fair Market Value provided in Section 2, 11, 13 or 19 hereof and such default shall continue for 5 days or Lessee fails to make any loan required of it by Section 2.10 of the Participation Agreement;

(b) Default shall be made in the payment of any amount due under the Operative Agreements (other than payments covered by subparagraph (a) above) and such default shall continue for 10 days;

(c) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment or any portion thereof, not permitted by this Lease;

(d) The Lessee shall default in the maintenance of (i) any material provisions of the insurance required by Section 11.1 hereof or (ii) any other provisions of the insurance required by Section 11.1 hereof and the default described in this clause (ii) shall continue for 30 days;

(e) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any other Operative Agreement or the Bills of Sale and such default shall continue for 30 days in the case of a default under Section 14.5 hereof and for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied, in the case of all other defaults;

(f) Any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Trustor, the Security Trustee or the Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement is untrue in any material respect as of the date of issuance or making thereof;

(g) The Lessee becomes insolvent or fails generally to pay its debts as such debts become due, or causes an order for relief to be entered against it, or acquiesces in the entering of such an order against it, under applicable federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for the Debtor or for the major part of its property;

(h) A custodian, trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within 60 days after such appointment; or

(i) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against the Lessee and, if instituted against the Lessee, are consented to or are not dismissed within 60 days after such institution.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall have been assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided;

(c) By its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment without judicial process, if such can be done without breach of peace and in accordance with due process of law, all without liability to Lessee for or by reason of such entry or taking possession, whether for the restoration of damage to property caused by such taking or otherwise (no such entry and taking of possession of the Equipment by the Lessor shall be construed (x) as an election by the Lessor to terminate this Lease in the absence of a written notice of termination or (y) to relieve the Lessee of any liability or obligation of this Lease);

(d) Hold, sell, re-lease, possess and/or enjoy any Item of Equipment free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever;

(e) Recover from the Lessee, and Lessee shall be liable for, any and all amounts which may have accrued to the date of termination of this Lease (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);

(f) Whether or not Lessor has exercised other remedies, also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present

worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 9.375% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over Fair Market Value thereof at such time as determined below; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental; provided that this clause (f) shall not permit Lessor to recover the liquidated damages described above plus any rental payments for periods after the payment of such liquidated damages; and/or

(g) exercise the right to cause a receiver to be appointed in any action against Lessee to take possession of the Equipment or to collect the rental thereon; provided that neither the appointment of such receiver nor any other action taken by Lessor shall constitute an election by the Lessor to terminate this Lease unless written notice of termination is given to Lessee; and/or

(h) whether or not this Lease is terminated, upon not less than 20 days prior notice (which the parties hereby deem to be commercially reasonable notice) to Lessee, sell the Equipment or any part thereof at public or private sale, which sale should be held in a commercially reasonable manner, to the highest cash bidder (or to a noncash bidder determined by Lessor in its sole discretion to have made a more favorable offer), free and clear of any rights of Lessee and without any

duty to account to Lessee with respect to such sale or for the proceeds thereof (except as otherwise required under this Lease) and/or

(i) apply to the obligations of the Lessee hereunder or under any other Operative Agreement, in any such order as Lessor shall elect, any amounts held as security hereunder for Lessee's obligations.

The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain for the Equipment in question on an as-is where-is basis in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession), and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment within 20 days after receipt by Lessee of written notice setting forth the method to be used to calculate damages pursuant to Section 14.2(b), such value shall be determined in accordance with the foregoing definition by a qualified, independent Appraiser. The term "Appraiser" shall mean any independent, nationally recognized appraiser chosen by the Lessor. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

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

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any 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.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, the Trustor, the Security Trustee and each Note Purchaser, promptly upon any officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor in the condition specified in the third paragraph of Section 13, subject to the fourth paragraph of Section 13. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport the Equipment to any place on any lines of railroad or to any connecting carrier for shipment, all as the Lessor may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall be paid to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered,

stored and returned to the Lessor in the condition mandated by paragraph 3 of Section 13 and as hereinabove provided on the day of the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee, for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to the daily equivalent of the annual rental in effect immediately prior to the expiration of the Lease for such Item of Equipment, or (ii) 125% of the Fair Rental Value (determined in the manner provided in Section 14.2 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by

reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor including, without limitation, the right to proceed pursuant to Section 14.2 hereof (except those rights, privileges and remedies relating to amounts payable to the Lessor or the Trustor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 22.2 hereof which shall remain enforceable by the Lessor and/or the Trustor, as the case may be, pursuant to Section 14.2(a) only), but if no Event of Default shall have occurred and be continuing, said assignee, the Lessor and the Trustor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and notwithstanding the occurrence of such an Event of Default, the Lessor, the Trustor, the Security Trustee and the Note Purchaser shall each receive all notices and reports to be provided by the Lessee hereunder or under the other Operative Agreements and shall each retain their rights of inspection pursuant to Section 12.2 and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

The provisions of Section 3.5(e) of the Participation Agreement (which are restrictions on transfer of interests) are hereby incorporated herein as though set forth in full and the Lessor hereby agrees to abide by such provision.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or

encumber its leasehold interest under this Lease in any of the Equipment; provided that the Lessee may assign its rights and/or obligations hereunder to any corporation controlled by, controlling or under common control with the Lessee, provided, that (i) the Lessor shall have received an instrument or instruments reasonably satisfactory to it, the Trustor and the Note Purchaser under which such assignee assumes the obligations of the Lessee hereunder and the Lessee irrevocably and unconditionally guarantees such assignee's performance of all of such obligations, and whereupon the Lessee's responsibility for the obligations of the lessee hereunder shall be those of a guarantor and not of a principal and (ii) if any such assignee fails to perform any of the agreements or covenants of the Lessee set forth herein, Lessee shall immediately and without further act of any party assume all of the responsibility for the performance and observance of every agreement and covenant of Lessee set forth herein, it being understood and agreed that in the event of any such failure Lessee's obligations hereunder shall at all times be those of a principal and not a guarantor. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession by Lessee; Permitted Sub-leases. So long as no Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute such Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment. The Lessee shall also be entitled so long as it shall not then be in default under this Lease, to sublease the Equipment to, or to permit its use under the term of car contracts by, (i) a railroad company or companies incorporated in the United States of America or any state thereof or the District of Columbia, or Canada or any Province thereof, upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic or (ii) to responsible creditworthy companies other than railroad companies for use in their business (leases to such sublessees being herein referred to as "Permitted Subleases"); provided, however, that the Lessee shall not locate or permit the location of any Item of Equipment (including, without limitation, the regular operation and maintenance thereof) in any location which is not a Perfected Jurisdiction, provided, further, that, all subleases and the rights and interest of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder, and shall confirm such subordination by a provision therein satisfactory to the Lessor and each Note Purchaser, provided further that the Lessee need not comply with the

immediately preceding proviso with respect to 55 Items of Equipment. For the purposes of this Section 17.2, a sublease of any Item to the Canadian National Railroad or the Canadian Pacific Railroad shall mean that such Item has been assigned to service in Canada, a sublease to a provincial railroad shall mean that such Item has been assigned to service in such Province and a Perfected Jurisdiction shall mean the United States and any Canadian or Mexican jurisdiction with respect to which all instruments required by the laws of any such jurisdiction have been executed, acknowledged, delivered, filed, registered and recorded as required (in the case of Mexico, to the best knowledge of the counsel delivering the opinion hereinafter referred to) by the laws of that jurisdiction to protect the rights of the Lessor and the Security Trustee under this Lease and the Security Agreement as evidenced by an opinion of counsel reasonably satisfactory to the Lessor, the Trustor, each Note Purchaser so long as it shall continue to be a holder of Notes, and the Security Trustee; provided that no more than 10% of the Items of Equipment shall be assigned outside the continental United States at the same time and no more than 7% of the Items of Equipment shall be located in Mexico at the same time. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

In the event that as a result of the location at which and/or the manner in which any Item or Items of Equipment are used the Lessor or the Trustor is required to qualify as a foreign corporation in any jurisdiction within or without the United States (on the assumption that the Lessor or the Trustor, respectively, is not otherwise doing business in such jurisdiction), the Lessee will promptly notify the Lessor and the Trustor thereof. The Lessee will not use or locate any Equipment, or permit any Equipment to be used or located, in any jurisdiction within or without the United States which would result in subjecting the Lessor or the Trustor to any laws, rules or regulations (collectively "Regulations") to which it was not subject prior to entering into this Lease which Regulations the Lessee is not able to perform and satisfy entirely on its own without any adverse effect on the Lessor or the Trustor, the Lessee hereby agreeing to perform and satisfy all such Regulations on behalf of Lessor and Trustor. In the event Lessor or Trustor becomes subject to any such Regulation which Lessee is not able to fully so perform and satisfy at a cost acceptable to the Lessee, Lessee shall promptly notify Lessor and Trustor thereof. Within 30 days of receipt of said notice Trustor shall, either (A) require Lessor to sell and Lessee to purchase, and Lessor shall sell and Lessee shall purchase, such Items at a date selected by Trustor not earlier than 10 days after receipt by Lessee of such notice from Trustor for the sum of: (a) all rent due and unpaid with respect to such Items on or prior to such purchase date, (b) the higher of (x) Casualty Value for such Items as of the Fixed Rental Payment

Date coinciding with or next preceding such purchase date and (y) the fair market value of such Items (as mutually determined by Lessee and Lessor taking into account the effect of the Regulations on a potential buyer), (c) interest at 9.395% on such Casualty Value from such Date to such purchase date plus (d) the amount of any premium paid by the Lessor pursuant to Section 4.1(d) of the Security Agreement (such amount shall be considered paid as part of a settlement pursuant to Section 19.2 for purposes of Section 4.1(d) of the Security Agreement) or (B) waive any requirement that Lessee perform and satisfy such Regulations and any indemnity related thereto pursuant to Section 6.1. Any such sale by Lessor shall be as-is, where-is and without recourse or warranty except as to the absence of Lessor's Liens.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any solvent corporation organized under the laws of any state of the United States or the District of Columbia into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the property of the Lessee, provided that (a) (i) immediately prior and after giving effect to any such merger, consolidation or acquisition, no Event of Default, or event which with notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing, (ii) such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Tax Indemnity Agreement pursuant to an agreement reasonably satisfactory to the Lessor, the Trustor and the Security Trustee and (iii) the aggregate net worth of the Lessee and the assignee or the transferee corporation immediately prior to such merger, consolidation or acquisition (determined in accordance with generally accepted accounting principles) is not less than the consolidated net worth of the Lessee immediately prior to such merger, consolidation or acquisition and (b) such merger, consolidation or acquisition shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

The Lessee will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder, except as otherwise provided in the preceding paragraph.

SECTION 18. PURCHASE OPTIONS; RENEWAL OPTIONS.

18.1. Purchase Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the right to purchase all but not less than all of the Items of Equipment then leased hereunder (i) at the expiration of the Basic Lease Term hereof, at a price equal to, at the Lessee's option, 45% of the Purchase Price of such Items of Equipment or the Fair Market Value of such Items of Equipment and (ii) at the expiration of each renewal term (as provided in Section 18.2 hereof), at a price equal to the Fair Market Value of such Items of Equipment. The Lessee shall give the Lessor written notice not less than six months nor more than nine months prior to the end of the Basic Lease Term or any renewal term, as the case may be, of this Lease of its election to exercise the purchase option provided for in this Section, which notice shall be irrevocable. Payment of the option price shall be made at the place of payment specified in Section 2.3 hereof in immediately available funds against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against Lessor's Liens. The Lessor shall not be required to make any other representation or warranty as to the condition of the Equipment or any other matters, and may specifically disclaim any such representations or warranties.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have one or more renewal options as to all, but not less than all of the Items of Equipment then leased hereunder, determined as follows:

(a) the Lessee shall give the Lessor written notice not less than six months nor more than nine months prior to the end of the Basic Lease Term or renewal term, as the case may be, of its election to exercise the renewal option provided for in this section, which notice shall be irrevocable, with the renewal term and/or terms to be determined and selected as hereinafter provided and each semiannual installment of Fixed Rental payable during any such renewal term to be in an amount equal to either, at the Lessee's option, the Fair Rental Value ("Fair Rental Option") or 50% of the average of the semiannual Fixed Rental installments payable hereunder during the Basic Lease Term for all such Items of Equipment ("Fixed Rental Option"), in either case, such Fixed Rental payments shall be paid in arrears; provided that if the Lessee has elected the Fixed Rental Option the Lessee may elect the Fair Rental Option for any subsequent renewal term, but if Lessee has elected the Fair Rental Option, at any

time, the Fair Rental Option shall apply to all renewal terms thereafter;

(b) promptly following receipt of Lessee's written election to renew the Lease given pursuant to clause (a), an appraiser or appraisers shall be chosen pursuant to Section 18.3 for the purpose of determining the Fair Rental Value and the Fair Market Value of such Equipment and, if such renewal immediately follows the Basic Lease Term, the remaining estimated economic useful life of each Item of the Equipment and the date on which the Uninflated Residual Value of each Item of the Equipment will equal 20% of the Purchase Price thereof;

(c) promptly following the selection of such appraiser(s), and in any event not less than ninety (90) days prior to the end of the Basic Lease Term, or renewal term, as the case may be, the appraiser(s) shall make its determination pursuant to the procedure set forth in Section 18.3;

(d) each renewal term exercised pursuant to the Fixed Rental Option shall be for a period no longer than the period, if any, which when added to the Basic Lease Term and any prior expired renewal terms or current expiring renewal term does not result in the total term of the Lease extending beyond such date as of when (i) the remaining economic useful of any Item of Equipment will equal 20% of its total economic useful life or (ii) the Uninflated Residual Value of any Item of Equipment will equal 20% of its Purchase Price, all as determined pursuant to the determination of such appraiser(s), as of the end of the Basic Lease Term pursuant to clause (c) above. Any renewal term shall be for a period of two years unless such renewal term would violate the provisions of the first clause of this paragraph (d), in which case, the renewal term shall be for the longest period, if any, possible without violating such clause. If a renewal term shall be for a period of less than two years, the Lessee may not further renew this Lease at the conclusion of such renewal term;

(e) the Casualty Value payable during any renewal term in respect of any Item of Equipment suffering a Casualty Loss shall be an amount equal to the higher of the Fair Market Value of such Item as of the beginning of such renewal term as determined as aforesaid by such appraiser(s) or 20% of the Purchase Price of such Item; and

(f) each renewal term shall commence immediately upon the expiration of the preceding term.

18.3. Determination of Fair Rental Value and Fair Market Value. For purposes of Section 18 hereof, the Fair Rental Value or Fair Market Value for any Item of Equipment 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 or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be; provided that, (i) such determination shall not take into account the reduction in value of such Item of Equipment resulting from the location of such Equipment only to the extent that the amount by which the Fair Rental Value or Fair Market Value would have been reduced does not exceed the cost to remove such Equipment to any Class I Continental United States Railroad, and (ii) the Appraiser shall assume that the Equipment is in its actual condition, but is no worse condition than that required by the third paragraph of Section 13, it being agreed that the Appraiser can determine the actual condition of the Equipment by inspecting a random sample of the Equipment selected by the Appraiser (this clause (ii) shall also apply to the determination by the Appraiser of the economic useful life of each Item of Equipment). For purposes of this Section 18.3, a purchaser with the intent to resell may not be considered a willing buyer, but a purchaser with the intent to lease the purchased Equipment to another may be considered a willing buyer. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment within 120 days of the end of the Basic Lease Term, such value shall be determined by any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days, two independent qualified appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 15 days of appointment, the two appraisers so appointed shall within 30 days of appointment, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days of appointment of the two appraisers, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the amount of such value within 60 days after his or their appointment. If the parties shall have appointed a single appraiser, his determination of values shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final. The expenses and fees of all such appraisers shall be borne by the Lessee.

18.4. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder

as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the Basic Lease Term or then applicable renewal term in accordance with Section 13 hereof and Lessee shall notify the Lessor in writing promptly after each Item of Equipment has been so delivered, such notice to identify such Item of Equipment and the location thereof.

SECTION 19. EARLY TERMINATION; OPTIONAL TERMINATION.

19.1. Early Termination. So long as the Lessee shall not be in default under this Lease, the Lessee may, upon not less than 180 days' prior written notice to the Lessor, terminate this Lease with respect to all, but not less than all, of the Items of Equipment contained in any basic group identified as such in Schedule A hereto as of August 1, 1997 or as of any succeeding rent payment date during the Basic Lease Term hereof (but not during any renewal term) if such Items of Equipment, in the good faith judgment of the Lessee as approved by its Board of Directors, shall have become obsolete or surplus to the needs of the Lessee in the conduct of its business. Such written notice shall designate the date on which termination is to become effective and shall be accompanied by a certified copy of the resolutions of the Board of Directors approving such determination and by a Certificate of the President or a Vice President of the Lessee setting forth the determination that such Items of Equipment have become obsolete or surplus to the needs of the Lessee and a statement in reasonable detail of the basis for such determination and further certifying that the Lessee has already disposed of all equipment similar to such Items of Equipment which are not on the date on which termination is to become effective under or subject to a lease to an unaffiliated company and will make all reasonable effort to dispose of all equipment similar to such Items of Equipment within a two-year period following such termination date, except for Items of Equipment on lease to an unaffiliated company beyond such two year period. For the purposes of this Section 19.1, interest rates payable by the Lessee on its indebtedness for borrowed money or finance charges payable by the Lessee in connection with the acquisition of its equipment under conditional sale contracts, leases or other arrangements for deferred payment shall be disregarded in the determination of any right of termination provided in this Section 19.1. Following the giving of such notice, the Lessee shall use its best efforts at the Lessee's sole expense to obtain bids for the purchase of such Items of Equipment from persons not affiliated with the Lessee, provided that no bids shall be accepted after the date which is 60 days prior to the date on which termination is to become effective. The Lessee shall certify to the Lessor in writing the amount of each bid so received and the name and address of the party submitting such bid promptly upon receipt thereof. The Lessor may obtain bids, but shall be under no duty to solicit bids, inquire into the efforts

of the Lessee to obtain bids or otherwise take any action in connection with arranging such sale.

The Lessor shall, within 20 days following the commencement of such 60 day period, either (a) accept the highest cash bid for such Items of Equipment obtained by the Lessee or the Lessor or (b) elect to retain such Items of Equipment. On the termination date indicated in such notice, the Lessee shall pay, in immediately available funds, to the Lessor the installment of Fixed Rental due on, in the case of arrears payments, such date and, in the case of advance payments, the next preceding rent payment date, if not already paid, plus in either case the amount, if any, by which the Early Termination Value shown on Schedule E hereto, for such Items of Equipment as of such date exceeds the proceeds of such sale (or if Lessor elects to retain the Equipment, the highest *bona fide* cash bid obtained by Lessor or Lessee prior to the 60 day period prior to the termination date) net of all out-of-pocket costs incurred by the Lessor and the Trustor in connection therewith. On the termination date, the Lessor shall either retain or sell to the highest bidder all of the Lessor's rights, title and interest in such Items of Equipment as-is, where-is without recourse or warranty except as to the absence of Lessor's Liens.

Upon payment to the Lessor by the Lessee of the amounts required by this Section 19.1, and payment of all other sums due hereunder, this Lease shall terminate with respect to such Items of Equipment. Whether or not any such difference is payable by the Lessee, the Lessee shall have no right to receive or share in any portion of the proceeds of any sale of such Items of Equipment pursuant to this Section 19.1. If no bid is received, this Lease shall continue in full force and effect, with respect to such Equipment, provided that the Lessee shall have no further right to give notice of termination of this Lease pursuant to this Section 19.1 if the Lessee shall have exercised such right on three prior occasions which such right may be exercised not more than once every twelve consecutive months. The Lessee agrees that in the event the Lease shall continue in full force and effect with respect to such Equipment, it will reimburse the Lessor and the Trustor for all out-of-pocket costs incurred by the Lessor and the Trustor in connection therewith.

19.2. Optional Termination. In addition to the rights granted to the Lessee pursuant to Section 19.1, so long as the Lessee shall not be in default under this Lease, the Lessee may, upon not less than 180 days' prior irrevocable written notice to the Lessor, terminate this Lease with respect to all, but not less than all, of the Items of Equipment of a Basic Group, as set forth in Schedule A as of August 1 of 1997, 1999, 2001 or 2003. Such written notice shall designate the date on which termination is to become effective. On the termination date indicated in such notice, the Lessee shall pay, in immediately available funds, to

the Lessor the installment of Fixed Rental due on , in the case of arrears payments, such date and, in the case of advance payments, the next preceding rent payment date, if not already paid, plus in either case (a) an amount equal to the greater of (i) the Fair Market Value of the Equipment (determined in the manner provided in Section 18.3 hereof) or (ii) the Optional Termination Value of the Equipment as of such date shown on Schedule F hereto, (b) 2.00% of the Purchase Price of such Equipment, and (c) the amount of any premium for the prepayment of the Notes then required to be paid by the Lessor pursuant to Section 4.1(d) of the Security Agreement, and the Lessor shall deliver to the Lessee a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment as-is, where-is without recourse or warranty except as to the absence of Lessor's Liens.

If the Lessee terminates this Lease pursuant to this Section 19.2 and the Federal income tax rate applicable to the Trustor shall have changed during the Basic Lease Term, the Trustor shall have the right to recalculate on the basis of such new rate, that portion of the Optional Termination Values which is allocated to the reimbursement of the Trustor for taxes it may owe on account of the Optional Termination and such recalculated Optional Termination Values shall be used to determine the amount the Lessee shall pay under this Section 19.2.

Upon payment to the Lessor by the Lessee of the amounts required by this Section 19.2 and payment of all other sums due hereunder, this Lease shall terminate.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF RENTALS UNDER PERMITTED SUBLEASES.

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of the right, title and interest which it has acquired or may have acquired in all rentals payable or receivable under and pursuant to each and all Permitted Subleases arising from, by virtue of, or in connection with, the Equipment, whether now existing or hereafter entered into, as and only to the extent that any Permitted Sublease relates to the Equipment, including, without limitation the immediate and continuing right to receive all such rental payments now or hereafter payable or receivable pursuant to any Permitted Sublease; it being the intent and purpose hereof that the assignment and transfer to the Lessor of said rights shall be effective and operative immediately and shall continue in full force and effect at all times during the period from and after the date of this Lease until the end of the term of this Lease.

20.2. Rights of Lessee in Permitted Subleases; Segregation of Rental Payments. Notwithstanding any other provision hereof, so long as no Event of Default or any event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default under this Lease shall have occurred and be continuing, the Lessee shall have the right to receive all rentals and other sums payable under any Permitted Subleases; provided, however, that if any such Event of Default or event shall have occurred and be continuing, the Lessee shall (i) receive and retain any rental payments under any Permitted Subleases, all or any portion of which payments are attributable to or receivable with respect to the Equipment or any Item or Items thereof, in trust for the benefit of the Lessor or any assignee pursuant to Section 16 hereof, (ii) deposit any such payment in the original form in which received into a separate account established for such purpose, into which no payments other than those described in clause (i) above shall be deposited, except in the case that the original form of such payment shall include both rentals under any Permitted Sublease attributable to any Item or Items of Equipment and additional rentals not so attributable, then the entire amount of such payment under such Permitted Sublease shall be deposited into such separate account, (iii) remit from such separate account all amounts due and owing to the Lessor in respect of any Item of Equipment, and (iv) only after the full portion required to be remitted to the Lessor pursuant to clause (iii) above shall, at any given time, have been so remitted, remit the balance in such separate account to a general account of the Lessee.

In addition to the rights of the Lessor pursuant to this Section 20, Lessee hereby grants Lessor Lessee's power of attorney to collect in the event of the occurrence of an Event of Default under Section 14.1(a) hereof, all rental payments due Lessee under any Permitted Subleases assigned to Lessor pursuant to Section 20.1 hereof. In such event, upon request, Lessee agrees promptly to furnish Lessor with the names and addresses of all sublessees under Permitted Subleases together with such other information as the Lessor may request. In such event, Lessee agrees to cooperate with Lessor in the notification of all sublessees under Permitted Subleases of such power of attorney and to execute any and all documents reasonably requested by Lessor in connection therewith. In such event Lessee also agrees to pay to Lessor any mileage allowances paid to Lessee by railroads respecting Items of Equipment under such Permitted Subleases. All funds collected by Lessor pursuant to the above shall be deposited with Lessor and remitted by Lessor in accordance with subsections (i) through (iv) of this Section 20.2.

The Lessee agrees that any rental payments received under any Permitted Sublease shall be first applied to, and shall be deemed to be payable in respect of, the Items of Equipment which may be leased under such Permitted Sublease, notwithstanding

any default or deficiency in such rental payment by the sublessee under such Permitted Sublease.

20.3. Further Assignment. The Lessee acknowledges and agrees that (i) all rights and interests of the Lessor pursuant to this Section 20 may be assigned by the Lessor to any assignee in accordance with Section 16 hereof, and (ii) the assignment provided for in this Section 20 shall not in any way obligate the Lessor or any of its successors or assigns to perform or satisfy any of the obligations or liabilities of the Lessee under any Permitted Sublease.

20.4. Rights under Uniform Commercial Code. Upon the occurrence of any Event of Default under this Lease, the Lessor shall, in addition to all other rights and remedies provided for herein, have in connection with the assignment provided for in this Section 20, all the rights of a secured party under the Uniform Commercial Code of Illinois (regardless of whether such Code is the law of the jurisdiction where the rights or remedies are asserted).

20.5. Further Assurance. Without limiting the foregoing the Lessee hereby agrees that it will deliver to the Lessor a copy of each form of sublease used at any time and the original executed counterpart of any riders or schedules delivered under any Permitted Subleases in respect of the Equipment or any Item thereof, clearly marked to indicate that such counterpart is the original counterpart for purposes of the Uniform Commercial Code, and shall clearly mark on any multiple executed counterparts of such riders or schedules in its possession that they do not constitute the original counterpart for purposes of the Uniform Commercial Code; provided, the Lessee shall not be required to deliver any such rider or schedule (i) if less than five Items of Equipment are leased thereunder, or (ii) if rail cars other than the Items of Equipment shown on Schedule A hereto are leased thereunder, provided, further, that the Lessee agrees to the extent practicable to establish procedures for the delivery of separate riders or schedules segregating the Items of Equipment from other rail cars which may be leased to any sublessee thereunder or where not so segregated, noting the security interest granted hereunder in respect of such Items. The Lessee further covenants that it will, upon the written request of the Lessor execute and deliver such further instruments and do and perform such other acts and things as are necessary to effectively invest in and secure to the Lessor and its assigns the interests assigned pursuant to this Section 20 or other rights or interests due or hereafter to become due.

20.6. Application of Moneys. All distributions and payments to the Lessor shall be applied by the Lessor to the payment and reduction of the obligations and liabilities of the Lessee under this Lease and in accordance with the terms and provisions of the Security Agreement.

20.7. Duration. The satisfaction or discharge of any part of the obligations or liabilities of the Lessee under this Lease shall not in any way satisfy or discharge the assignment provided for in this Section 20, but such assignment shall remain in full force and effect so long as any amount remains unpaid on any such obligations or liabilities.

SECTION 21. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of any amounts due hereunder or under any other Operative Agreement, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to the higher of (i) 1.75% in excess of the Long Term Interest Rate per annum, or (ii) the Prime Rate plus 2% (or the maximum rate of interest permitted by law, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid. "Prime Rate" shall mean the per annum rate of interest from time to time announced by The Chase Manhattan Bank, N.A. as its prime rate or other corporate base rate.

SECTION 22. MISCELLANEOUS.

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: Wilmington Trust Company, as
 Trustee under GATC Trust No. 87-1
 Rodney Square North
 Wilmington, Delaware 19890

Attention: Corporate Trust
 Administration

[with copies to the Trustor]

If to the Trustor: At the address provided therefor in
 Schedule 1 to the Participation
 Agreement

If to the Security
Trustee:

Mercantile-Safe Deposit and
Trust Company, as Security
Trustee
Two Hopkins Plaza
P.O. Box 2258
Baltimore, Maryland 21203

Attention: Corporate Trust
Department

If to the Lessee:

General American Transportation
Corporation
120 South Riverside Plaza
Chicago, Illinois 60606

Attention: Secretary

If to the Note Purchaser:

At the addresses provided
therefor in Schedule 2 to
the Participation Agreement.

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

22.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor, the Trustor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Security Trustee and each Note Purchaser) may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of the higher of (i) 1.75% in excess of the Long Term Interest Rate per annum, or (ii) the Prime Rate plus 2% (or the maximum rate of interest permitted by law, whichever is less).

22.3. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.4. Law Governing. This Lease shall be construed in accordance with the laws of the State of Illinois without regard to principles of conflicts of law; provided, however, that the

parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

22.5. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

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

22.7. Lessor Furnished Insurance. Without limiting any obligation of the Lessee to maintain insurance in effect pursuant to Section 11.1 hereof, the Lessor or the Trustor may, at its own election and expense, maintain for its own benefit such additional public liability and/or property damage insurance as it shall deem appropriate so long as such insurance shall not impair the enforcement of or collection upon any policies maintained pursuant to said Section 11.1 or adversely affect Lessee's cost of or ability to obtain such policies.

22.8. Limitations of Liability. It is expressly understood and agreed that this Lease is executed by Wilmington Trust Company, not in its individual capacity or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company or the Trustor, or for the purpose or with the intention of binding Wilmington Trust Company or the Trustor in its individual capacity or personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by Wilmington Trust Company solely in the exercise of the powers expressly conferred upon Wilmington Trust Company as Trustee under the Trust Agreement, that actions to be taken by the Lessor pursuant to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on Wilmington Trust Company or the Trustor, in its individual capacity or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Wilmington Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as trustee under GATC Trust No. 87-1

By *J. Jacobs*
Its Vice President



[CORPORATE SEAL]

ATTEST:

By *[Signature]*
Its Assistant Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____
Its _____ Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as trustee under GATC Trust No. 87-1

[CORPORATE SEAL]

By _____
Its _____

ATTEST:

By _____
Its _____

GENERAL AMERICAN TRANSPORTATION CORPORATION

By M. C. Anderson
Its Vice President

[CORPORATE SEAL]

ATTEST:

By Paul A. Hansen
Its _____ Secretary

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this 22nd day of April, 1987, before me personally appeared Francis B. Jacobs, II and Arden M. Knott to me personally known, who being by me duly sworn, say that they are the Vice President and Assistant Secretary of WILMINGTON TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By *Maria E. France*
Notary Public



[NOTARIAL SEAL]

My commission expires: 9/10/90

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this ___ day of _____, 1987, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the Vice President and Secretary, respectively, of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By _____
Notary Public

[NOTARIAL SEAL]

My commission expires: _____

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this ____ day of _____, 1987, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the Vice President and Assistant Secretary of WILMINGTON TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By _____
Notary Public

[NOTARIAL SEAL]

My commission expires: _____

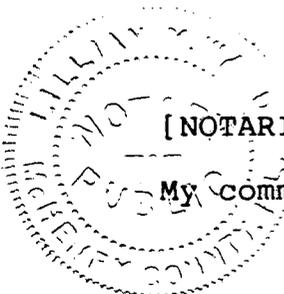
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 22nd day of April, 1987, before me personally appeared W.C. Andrews and Paul G. Hansen, to me personally known, who being by me duly sworn, say that they are the Vice President and Secretary, respectively, of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By Lelton M. Ward
Notary Public

[NOTARIAL SEAL]

My commission expires: 8/28/88



CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>87-1 Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
<u>Tax Tanks - Group 1</u>						
11082*	GATX 44782 - 44796	15	DOT 112S400W 23,800 Gal. Anhydrous Hydrofloric Acid	C	\$ 61,263	\$ 918,945
<u>Tax Tanks - Group 3</u>						
11094	GATX 44797, 44798	2	DOT 112S400W 23,800 Gal. Anhydrous Hydrofloric Acid	C	60,505	121,010
11097	GATX 17899 - 17921	23	DOT 111A100W-1 25,800 Gal. Paraxylene	A	41,964	965,172
11098	GATX 20087 - 20091	5	DOT 105J300W 20,500 Gal. Metallic Sodium	C	68,688	343,440
11104	GATX 5574, 5575	2	DOT 111A100W-1 10,800 Gal. 50% Caustic Soda	E	40,300	80,600
11105	GATX 68801 - 68814 68816 - 68859	58	DOT 105J500W 17,368 Gal. 90-Ton Chlorine	C	52,847	3,065,126
11106	GATX 26388 - 26432	45	DOT 105A300W/J100W 25,600 Gal. Ethylene Oxide/Vinyl Chloride	C	54,941	2,472,345
11108	GATX 65661 - 65685	25	DOT 111A100W-1 14,150 Gal. Clay Slurry	F	47,486	1,187,150

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

SCHEDULE A
(to Equipment Lease)

CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
<u>87-1</u>						
<u>Tanks - Group 3</u>						
11109	GATX 28351 - 28354	4	DOT 111A100W-1 23,150 Gal. Stearic Acid	K	47,487	189,948
11112	GATX 66358 - 66382	25	DOT 111A100W-1 26,000 Gal. Toulene	A	\$ 37,908	\$ 947,700
11113	GATX 28355 - 28370	16	DOT 111A100W-1 23,150 Gal. Aromatics	A	44,328	709,248
11114	GATX 28371 - 28380	10	DOT 111A100W-1 23,150 Gal. General Service	A	44,328	443,280
11118	GATX 30297 - 30300	4	DOT 111A100W-1 29,200 Gal. Alcohol	A	40,039	160,156
11119	GATX 30051 - 30055	5	DOT 111A100W-1 14,150 Gal. Clay Slurry	F	42,940	214,700
11121	GATX 30056 - 30059	4	DOT 111A100W-1 14,150 Gal. Limestone Slurry	F	42,947	171,788
11130	GATX 30060 - 30076	17	DOT 111A100W-1 14,150 Gal. Titanium Dioxide Slurry	F	43,390	737,630
10012 11133	GATX 30077 - 30096	20	DOT 111A100W-1 14,150 Gal. Clay	F	40,243	804,860

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>87-1</u>		<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
			<u>Description</u>	<u>Basic Group</u>		
<u>Tax Tanks - Group 3</u>						
11125	GATX 34306	1	DOT 111A100W-1 20,000 Gal. Vegetable Oil	A	\$ 43,712	\$ 43,712
11128	GATX 34307 - 34310	4	DOT 111A100W-1 20,000 Gal. Ammonium Thiosulfate	A	47,228	188,912
11136	GATX 34311 - 34335	25	DOT 111A100W-1 20,000 Gal. Refined Vegetable Oil	A	43,621	1,090,525
10013	GATX 34336 - 34355	20	DOT 111A100W-1 20,000 Gal. General Service	A	42,997	859,940**
10016 (11116) (11117)	GATX 28381-28420	40	DOT 111A100W-1 23,150 Gal. Various General Service	A	48,178	1,927,120**
11115	GATX 30301 - 30400	100	DOT 111A100W-1 29,200 Gal. Hexene, Octene	A	40,100	4,010,000**
TOTAL TANKS GROUP 3		<u>455</u>				<u>20,734,362</u>
TOTAL TANKS GROUP 1&3		<u>470</u>				<u>\$21,653,307</u>

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

CAPITAL LEASE DEAL 1987-1DESCRIPTION OF POSSIBLE ITEMS OF EQUIPMENT87-1

<u>Building Order</u>	<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
Tax Freight - Group 2						
10011*	GACX 56486 - 56535	50	L.O. Airslide 4,900 Cu. Ft. Starch Flour	L	\$ 61,725	\$3,086,250
Tax Freight - Group 3						
11134	GACX 72815 - 72838	24	Covered Hopper 5,850 Cu. Ft. Plastic Pellets	P	48,847	1,172,328
11124	GACX 72770 - 72814	45	Covered Hopper 5,850 Cu. Ft. Plastic Pellets	P	45,306	2,038,770
11120	GACX 72739 - 72769	31	Covered Hopper 5,850 Cu. Ft. Powdered Clay	P	50,308	1,559,548
TOTAL FREIGHT-GROUP 3		<u>100</u>				<u>4,770,646</u>
TOTAL FREIGHT-GROUP 2&3		<u>150</u>				<u>7,856,896</u>
TOTAL TANK & FREIGHT						<u><u>\$29,510,203</u></u>

* ITC Cars

** Estimated Purchase Price - subject to final design specifications and price.

BASIC GROUPS OF RAILCARS

- A. General Service "Jumbo" Carbon Steel Cars
- B. General Service "Small" Carbon Steel Cars
- C. High Pressure Specialized Car
- D. Non-Pressure Specialized Car - Molten Sulphur
- E. Non-Pressure Specialized Car - Caustic Soda
- F. Non-Pressure Specialized Car - Slurry
- G. Non-Pressure Specialized Car - Corn Syrup
- H. Tanktrain - Specialized Acid Type
- I. Tanktrain - Unlined General Service Type
- J. Aluminum Specialized Car
- K. Specialized Acid Type Cars, Unlined
- L. Freight Cars (Airslide)
- M. Specialized Acid Type Cars, Rubber Lined
- N. Stainless Steel
- O. Compartmentalized
- P. Freight Car (Covered Hopper)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: WILMINGTON TRUST COMPANY, as Trustee under
GATC Trust No. 87-1 (the "Lessor")

I, a duly appointed and authorized representative of
GENERAL AMERICAN TRANSPORTATION CORPORATION (the "Lessee") under
the Equipment Lease dated as of April 1, 1987 between the Lessor
and the Lessee, do hereby certify that I have inspected, received,
approved and accepted delivery under the Lease of the following
Items of Equipment listed on Schedule A attached hereto:

PLACE ACCEPTED:

DATE ACCEPTED:

I do further certify that the foregoing Items of Equip-
ment are in good order and condition, and conform to the
specifications applicable thereto, that there is no defect in any
of the foregoing Items of Equipment with respect to design,
manufacture, condition or in any other respect, and that each Item
has been labeled by means of a plate or a stencil printed in
contrasting colors upon each side of the Item in letters not less
than one inch in height as follows:

"TITLE TO THIS CAR IS VESTED IN A TRUSTEE UNDER
AN EQUIPMENT TRUST AGREEMENT RECORDED UNDER
SECTION 11303 (FORMERLY 20C) OF THE INTERSTATE
COMMERCE ACT OR VESTED IN ANOTHER PERSON OR
ENTITY AND SO RECORDED;"

The execution of this Certificate will in no way relieve
or decrease the responsibility of _____,
as manufacturer, for any warranties it has made with respect to
the Equipment.

Dated: _____, 1987

Inspector and Authorized
Representative of the Lessee

(GATC Trust No. 87-1)

SCHEDULE B
(to Equipment Lease)

LEASE SUPPLEMENT NO. 1

This LEASE SUPPLEMENT NO. 1, dated as of _____, between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not individually but solely as Trustee under GATC Trust No. 87-1 (the "Lessor"), and GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (the "Lessee");

WITNESSETH:

The Lessor and the Lessee have heretofore entered into that certain Equipment Lease dated as of April 1, 1987 (the "Lease"). The terms used herein are used with the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for, among other things, the purpose of confirming any change in Fixed Rentals, Casualty Value, Early Termination Value and Optional Termination Value.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. Schedules D, E, F and G to the Lease, showing Casualty Values, Early Termination Values and Optional Termination Values, are hereby amended to read in full as attached hereto.

2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Equipment Lease dated as of April 1, 1987" or the "Lease dated as of April 1, 1987" without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement unless the context shall otherwise require.

3. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, except as herein modified, shall be and remain in full force and effect.

4. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

SCHEDULE C
(to Equipment Lease)

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written and to be delivered as of the date first above written.

WILMINGTON TRUST COMPANY, not individually but solely as trustee under GATC Trust No. 87-1

[SEAL]

ATTEST:

By _____
Its _____

Its _____

GENERAL AMERICAN TRANSPORTATION CORPORATION

[SEAL]

ATTEST:

By _____
Its _____

Its _____ Secretary

Consented to as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Security Trustee

[CORPORATE SEAL]

ATTEST:

By _____
Its _____

Its _____

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment (Tax Group 1 and 2) payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Term Lease Commencement Date or Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value*</u>
1 FEB 1988	109.79986
1 AUG 1988	110.03425
1 FEB 1989	109.53144
1 AUG 1989	109.82634
1 FEB 1990	109.05188
1 AUG 1990	108.51994
1 FEB 1991	107.52369
1 AUG 1991	106.69175
1 FEB 1992	105.52840
1 AUG 1992	104.43321
1 FEB 1993	103.14457
1 AUG 1993	101.80437
1 FEB 1994	101.90809
1 AUG 1994	100.82266
1 FEB 1995	100.88758
1 AUG 1995	99.14669
1 FEB 1996	99.22062
1 AUG 1996	97.34247

*The percentages listed above include an allowance for recapture of investment tax credit pursuant to Section 47 of the Code ("ITC") and accelerated cost recovery system deductions pursuant to Section 168 of the Code ("ACRS"). If any event giving rise to a payment of Casualty Value (or any payment determined by reference thereto) shall occur and the date as of which the Trustor suffers a recapture of ITC or ACRS shall be earlier or later than the date assumed in computing such Casualty Value, then such Casualty Value shall be appropriately increased or decreased by Trustor solely to take account of the date as of which the Trustor suffers such recapture of ITC or ACRS and based otherwise on the same assumptions originally used in calculating the Casualty Values; provided that no adjustment will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee hereunder, will be insufficient for Lessor to pay in full on any date the unpaid principal of and interest on the Notes with respect to which the Casualty Value is to be paid on such date.

SCHEDULE D-1
(to Equipment Lease)

or Fixed Rental
Payment Date on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value*

1 FEB 1996	99.22062
1 AUG 1996	97.34247
1 FEB 1997	97.42812
1 AUG 1997	95.40733
1 FEB 1998	98.35754
1 AUG 1998	91.20617
1 FEB 1999	91.40810
1 AUG 1999	86.67761
1 FEB 2000	86.85116
1 AUG 2000	81.87316
1 FEB 2001	82.06781
1 AUG 2001	76.77727
1 FEB 2002	77.00285
1 AUG 2002	71.39703
1 FEB 2003	71.75902
1 AUG 2003	65.74604
1 FEB 2004	66.26642
1 AUG 2004	59.81801
1 FEB 2005	60.52209
1 AUG 2005	53.60819
1 FEB 2006	54.52451
1 AUG 2006	47.11311
1 FEB 2007	48.27379
1 AUG 2007	40.33882
1 FEB 2008	40.06161
1 AUG 2008	33.12950
1 FEB 2009	34.39165
1 AUG 2009	25.00000

*The percentages listed above include an allowance for recapture of investment tax credit pursuant to Section 47 of the Code ("ITC") and accelerated cost recovery system deductions pursuant to Section 168 of the Code ("ACRS"). If any event giving rise to a payment of Casualty Value (or any payment determined by reference thereto) shall occur and the date as of which the Trustor suffers a recapture of ITC or ACRS shall be earlier or later than the date assumed in computing such Casualty Value, then such Casualty Value shall be appropriately increased or decreased by Trustor solely to take account of the date as of which the Trustor suffers such recapture of ITC or ACRS and based otherwise on the same assumptions originally used in calculating the Casualty Values; provided that no adjustment will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee hereunder, will be insufficient for Lessor to pay in full on any date the unpaid principal of and interest on the Notes with respect to which the Casualty Value is to be paid on such date.

SCHEDULE OF EARLY TERMINATION VALUE

The Early Termination Value for an Item of Equipment payable on August 1, 1997 or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Early Termination Value</u>
1 AUG 1997	95.40733
1 FEB 1998	98.35754
1 AUG 1998	91.20617
1 FEB 1999	91.40810
1 AUG 1999	86.67761
1 FEB 2000	86.85116
1 AUG 2000	81.87316
1 FEB 2001	82.06781
1 AUG 2001	76.77727
1 FEB 2002	77.00285
1 AUG 2002	71.39703
1 FEB 2003	71.75902
1 AUG 2003	65.74604
1 FEB 2004	66.26642
1 AUG 2004	59.81801
1 FEB 2005	60.52209
1 AUG 2005	53.60819
1 FEB 2006	54.52451
1 AUG 2006	47.11311
1 FEB 2007	48.27379
1 AUG 2007	40.33882
1 FEB 2008	40.06161
1 AUG 2008	33.12950
1 FEB 2009	34.39165
1 AUG 2009	25.00000

*Values are net of rent.

SCHEDULE OF OPTIONAL TERMINATION VALUE

The Optional Termination Value for an Item of Equipment payable on August 1 of 1997, 1999, 2001 or 2003 shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Optional Termination Value</u>
1 AUG 1997	95.40733
1 FEB 1998	98.35754
1 AUG 1998	91.20617
1 FEB 1999	91.40810
1 AUG 1999	86.67761
1 FEB 2000	86.85116
1 AUG 2000	81.87316
1 FEB 2001	82.06781
1 AUG 2001	76.77727
1 FEB 2002	77.00285
1 AUG 2002	71.39703
1 FEB 2003	71.75902
1 AUG 2003	65.74604
1 FEB 2004	66.26642
1 AUG 2004	59.81801
1 FEB 2005	60.52209
1 AUG 2005	53.60819
1 FEB 2006	54.52451
1 AUG 2006	47.11311
1 FEB 2007	48.27379
1 AUG 2007	40.33882
1 FEB 2008	40.06161
1 AUG 2008	33.12950
1 FEB 2009	34.39165
1 AUG 2009	25.00000

*Values are net of rent.

SCHEDULE OF FIXED RENTALS

<u>Fixed Rental Payment Date</u>	<u>Period to which Payment Pertains</u>	<u>Percentage of Purchase Price Payable at Fixed Ren</u>
08/01/1987	Closing Date - 07/31/87	0.0000000
02/01/1988	08/01/87 - 01/31/88	3.5328159
08/01/1988	02/01/88 - 07/31/88	4.4929224
02/01/1989	08/01/88 - 01/31/89	3.4877149
08/01/1989	02/01/89 - 07/31/89	4.5380234
02/01/1990	08/01/89 - 01/31/90	3.4383767
08/01/1990	02/01/90 - 07/31/90	4.5873617
02/01/1991	08/01/90 - 01/31/91	3.3844031
08/01/1991	02/01/91 - 07/31/91	4.6413353
02/01/1992	08/01/91 - 01/31/92	3.3253587
08/01/1992	02/01/92 - 07/31/92	4.7003796
02/01/1993	08/01/92 - 01/31/93	3.2607671
08/01/1993	02/01/93 - 07/31/93	4.7649713
02/01/1994	08/01/93 - 01/31/94	3.1901071
08/01/1994	02/01/94 - 07/31/94	4.8356312
02/01/1995	08/01/94 - 01/31/95	3.1128086
08/01/1995	02/01/95 - 07/31/95	4.9129297
02/01/1996	08/01/95 - 01/31/96	3.0282480
08/01/1996	02/01/96 - 07/31/96	4.9974904
02/01/1997	08/01/96 - 01/31/97	2.9546702
08/01/1997	02/01/97 - 07/31/97	5.0710682
02/01/1998	08/01/97 - 01/31/98	0.0000000
08/01/1998	02/01/98 - 07/31/98	9.8092358
02/01/1998	08/01/98 - 01/31/99	2.5323287
08/01/1998	02/01/99 - 07/31/99	7.2769071
02/01/1999	08/01/99 - 01/31/00	2.4275368
08/01/1999	02/01/00 - 07/31/00	7.3816990
02/01/2000	08/01/00 - 01/31/01	2.2662147
08/01/2000	02/01/01 - 07/31/01	7.5430211
02/01/2001	08/01/01 - 01/31/02	2.0886023
08/01/2001	02/01/02 - 07/31/02	7.7206335
02/01/2002	08/01/02 - 01/31/03	1.8240376
08/01/2002	02/01/03 - 07/31/03	7.9851982
02/01/2003	08/01/03 - 01/31/04	1.5346171
08/01/2003	02/01/04 - 07/31/04	8.2746187
02/01/2004	08/01/04 - 01/31/05	1.2180055
08/01/2004	02/01/05 - 07/31/05	8.5912303
02/01/2005	08/01/05 - 01/31/06	0.8716483
08/01/2005	02/01/06 - 07/31/06	8.9375875
02/01/2006	08/01/06 - 01/31/07	0.4927508
08/01/2006	02/01/07 - 07/31/07	9.3164850
02/01/2007	08/01/07 - 01/31/08	1.7441612
08/01/2007	02/01/08 - 07/31/08	8.0650746
02/01/2008	08/01/08 - 01/31/09	0.0000000
08/01/2008	02/01/09 - 07/31/09	9.8092358

TOTALS

197.9682136

AMENDMENT NO. 1 TO JUL 16 1987 -2 21 PM
EQUIPMENT LEASE
INTERSTATE COMMERCE COMMISSION

THIS AMENDMENT NO. 1 TO EQUIPMENT LEASE dated as of April 1, 1987 between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as trustee (the "Lessor") under the Trust Agreement dated as of April 1, 1987 (the "Trust Agreement") for the benefit of CHRYSLER CAPITAL CORPORATION, a Delaware corporation, and its successors and assigns (the "Trustor"), and GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (the "Lessee").

R E C I T A L:

The Lessee and the Lessor have previously entered into an Equipment Lease dated as of April 1, 1987 (the "Equipment Lease").

WHEREAS, contemporaneously with the entering into the Equipment Lease the parties thereto agreed orally to amend Section 18.2 of the Equipment Lease to reflect the agreement below.

WHEREAS, the Equipment Lease was filed with the Interstate Commerce Commission at 3:50 P.M. on April 23, 1987 with index no. 15213.

NOW, THEREFORE, the parties agree as follows:

1. Section 2.5 of the Equipment Lease is amended by deleting from the paragraph at the bottom of page 7 the words "that any such assumption shall not prove to be incorrect by reason of any event of circumstance described in Section 6(c)(1) - (6) of the Tax Indemnity Agreement or by reason of any failure of this Lease to be treated as a true lease for federal income tax purposes),".

2. Section 18.1 of the Equipment Lease is amended by inserting in lieu thereof the following:

18.1. Purchase Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the right to purchase (i) all but not less than all of the Items of Equipment then leased hereunder at the expiration of the Basic Lease Term hereof, at a price equal to, at the Lessee's option, 45% of the Purchase Price of such Items of Equipment or the Fair Market Value of such Items of Equipment and (ii) all but not less than all of the Items of Equipment in a Basic Group at the expiration of the renewal term for such Basic Group (as provided

in Section 18.2 hereof), at a price equal to the Fair Market Value of such Items of Equipment. The Lessee shall give the Lessor written notice not less than six months nor more than nine months prior to the end of the Basic Lease Term or any renewal term, as the case may be, of this Lease of its election to exercise the purchase option provided for in this Section, which notice shall be irrevocable. Payment of the option price shall be made at the place of payment specified in Section 2.3 hereof in immediately available funds against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against Lessor's Liens. The Lessor shall not be required to make any other representation or warranty as to the condition of the Equipment or any other matters, and may specifically disclaim any such representations or warranties.

3. Section 18.2 of the Equipment Lease is amended by inserting in lieu thereof the following:

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options which shall apply separately to each Basic Group:

(a) The Lessee shall have the option to renew this Lease at the end of the Basic Lease Term, which option shall be exercisable by giving the Lessor irrevocable written notice not less than six months nor more than nine months prior to the end of the Basic Lease Term of its election to exercise its renewal option as to all but not less than all, of the Items of Equipment in a Basic Group.

(i) Promptly following receipt of Lessee's written election to renew the Lease given pursuant to clause (a), an appraiser or appraisers shall be chosen pursuant to Section 18.3 for the purpose of determining the Fair Rental Value, the Fair Market Value and the remaining estimated economic useful life of each Item of Equipment in such Basic Group and the date (the "Residual Value Date") on which the Uninflated Residual Value of each Item of Equipment in such Basic Group will equal 20% of the Purchase Price thereof.

(ii) Promptly following the determination of such appraiser(s), and in

any event not more than fifteen (15) days following such determination, the Lessee shall elect either the "Fair Rental Option" (as described below) or the "Fixed Rental Option" (as described below) as to all, but not less than all, of the Items of Equipment in such Basic Group. A Fixed Rental Option renewal (xx) shall be for a period selected by the Lessee (at the time it elects the Fixed Rental Option) no longer than the period, if any, which when aggregated with the "interim term" (as that term is described in Section 3(a)) and the Basic Lease Term does not exceed 80% of the estimated economic useful life of the Item of Equipment in such Basic Group that has the shortest estimated economic useful life (as determined pursuant to clause (a)(i)) and does not extend beyond one day prior to the earliest Residual Value Date for any Item of Equipment in such Basic Group (as determined pursuant to clause (a)(i)) and (yy) shall be at a semi-annual Fixed Rental (payable semi-annually in arrears) equal to 50% of the average semi-annual Fixed Rental payable during the Basic Lease Term with respect to each Item of Equipment in such Basic Group. A Fair Rental Option shall be for a two year term at a semi-annual Fixed Rental (payable semi-annually in arrears) equal to the Fair Rental Value for each Item of Equipment in such Basic Group (as determined pursuant to clause (a)(i)).

(b) The Lessee shall have the option to renew this Lease at the end of the renewal term of a Basic Group, which option shall be exercisable by giving the Lessor irrevocable written notice not less than six months nor more than nine months prior to the end of such renewal term of its election to exercise this renewal option as to all, but not less than all, of the Items of Equipment in such Basic Group for a two year term at a semi-annual Fixed Rental (payable semi-annually in arrears) equal to the Fair Rental Value for each Item of Equipment in such Basic Group (as determined pursuant to clause (b)(i)).

(i) Promptly following receipt of Lessee's written election to renew the Lease pursuant to clause (b), an appraiser or appraisers shall be chosen pursuant to Section 18.3 for the purpose

of determining the Fair Rental Value and the Fair Market Value of each Item of Equipment in such Basic Group. Promptly following the selection of such appraiser(s), and in any event not less than ninety (90) days prior to the end of the then expiring renewal term, the appraiser(s) shall make its determination pursuant to the procedure set forth in Section 18.3.

(c) The Casualty Value payable during any renewal term in respect of any Item of Equipment suffering a Casualty Loss shall be an amount equal to the higher of the Fair Market Value of such Item as of the beginning of such renewal term as determined as aforesaid by such appraiser(s) or 20% of the Purchase Price of such Item.

(d) A renewal term shall commence immediately upon the expiration of the Basic Lease Term or the previously expiring renewal term, as the case may be.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to Equipment Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not in its individual
capacity but solely as
trustee under GATC
Trust No. 87-1.

By *[Signature]*
Its Vice President

[CORPORATE SEAL]

ATTEST:

By *[Signature]*
Its Assistant Secretary

GENERAL AMERICAN
TRANSPORTATION CORPORATION

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____
Its _____ Secretary

Consented to as of the date first above written.

MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY, as
Security Trustee

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____
Its _____

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to Equipment Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not in its individual
capacity but solely as
trustee under GATC
Trust No. 87-1.

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____
Its _____

GENERAL AMERICAN
TRANSPORTATION CORPORATION

By *W. C. Andrews*
Its *Vice President*

[CORPORATE SEAL]

ATTEST:

By *[Signature]*
Its _____ Secretary

Consented to as of the date first above written.

MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY, as
Security Trustee

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____
Its _____

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to Equipment Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not in its individual
capacity but solely as
trustee under GATC
Trust No. 87-1.

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____
Its _____

GENERAL AMERICAN
TRANSPORTATION CORPORATION

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

By _____ Secretary
Its _____

Consented to as of the date first above written.

MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY, as
Security Trustee

By *[Signature]*
Its VICE PRESIDENT



[CORPORATE SEAL]

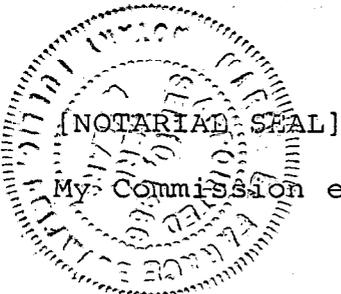
ATTEST:

By *[Signature]*
Its CORPORATE TRUST OFFICER

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this 14th day of July, 1987, before me personally appeared Francis B. Jacobs, III and Arden M. Knott, to me personally known, who being by me duly sworn, say that they are the Vice President and Assistant Secretary of WILMINGTON TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By Maria E. Inace
Notary Public



My Commission expires: 9/10/90

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this _____ day of _____, 1987, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the Vice President and Secretary, respectively, of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By _____
Notary Public

[NOTARIAL SEAL]

My commission expires: _____

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this _____ day of _____, 1987, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the _____ and _____ of WILMINGTON TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By _____

[NOTARIAL SEAL]

My commission expires: _____

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 8th day of July, 1987, before me personally appeared W. C. Andrews and John Levin, to me personally known, who being by me duly sworn, say that they are the Vice President and Assistant Secretary, respectively, of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

By William M. Ward
Notary Public



[NOTARIAL SEAL]

My commission expires: 8/28/88

Term Lease Commencement Date
or Fixed Rental
Payment Date on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value*

1 FEB 1997	97.42812
1 AUG 1997	95.40733
1 FEB 1998	98.35754
1 AUG 1998	91.20617
1 FEB 1999	91.40810
1 AUG 1999	86.67761
1 FEB 2000	86.85116
1 AUG 2000	81.87316
1 FEB 2001	82.06781
1 AUG 2001	76.77727
1 FEB 2002	77.00285
1 AUG 2002	71.39703
1 FEB 2003	71.75902
1 AUG 2003	65.74604
1 FEB 2004	66.26642
1 AUG 2004	59.81801
1 FEB 2005	60.52209
1 AUG 2005	53.60819
1 FEB 2006	54.52451
1 AUG 2006	47.11311
1 FEB 2007	48.27379
1 AUG 2007	40.33882
1 FEB 2008	40.06161
1 AUG 2008	33.12950
1 FEB 2009	34.39165
1 AUG 2009	25.00000

*The percentages listed above include an allowance for recapture of investment tax credit pursuant to Section 47 of the Code ("ITC") and accelerated cost recovery system deductions pursuant to Section 168 of the Code ("ACRS"). If any event giving rise to a payment of Casualty Value (or any payment determined by reference thereto) shall occur and the date as of which the Trustor suffers a recapture of ITC or ACRS shall be earlier or later than the date assumed in computing such Casualty Value, then such Casualty Value shall be appropriately increased or decreased by Trustor solely to take account of the date as of which the Trustor suffers such recapture of ITC or ACRS and based otherwise on the same assumptions originally used in calculating the Casualty Values; provided that no adjustment will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee hereunder, will be insufficient for Lessor to pay in full on any date the unpaid principal of and interest on the Notes with respect to which the Casualty Value is to be paid on such date.

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment (Tax Group 3) payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Term Lease Commencement Date or Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value*</u>
1 FEB 1988	101.54986
1 AUG 1988	101.78425
1 FEB 1989	102.93144
1 AUG 1989	103.22634
1 FEB 1990	104.10188
1 AUG 1990	103.56994
1 FEB 1991	104.22369
1 AUG 1991	103.39175
1 FEB 1992	103.87840
1 AUG 1992	102.78321
1 FEB 1993	103.14457
1 AUG 1993	101.80437
1 FEB 1994	101.90809
1 AUG 1994	100.82266
1 FEB 1995	100.88758
1 AUG 1995	99.14669

*The percentages listed above include an allowance for recapture of investment tax credit pursuant to Section 47 of the Code ("ITC") and accelerated cost recovery system deductions pursuant to Section 168 of the Code ("ACRS"). If any event giving rise to a payment of Casualty Value (or any payment determined by reference thereto) shall occur and the date as of which the Trustor suffers a recapture of ITC or ACRS shall be earlier or later than the date assumed in computing such Casualty Value, then such Casualty Value shall be appropriately increased or decreased by Trustor solely to take account of the date as of which the Trustor suffers such recapture of ITC or ACRS and based otherwise on the same assumptions originally used in calculating the Casualty Values; provided that no adjustment will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee hereunder, will be insufficient for Lessor to pay in full on any date the unpaid principal of and interest on the Notes with respect to which the Casualty Value is to be paid on such date.