

RECORDATION NO. 15234
MAY 15 1987 1:15 PM
Filed & Recorded

INTERSTATE COMMERCE COMMISSION
BY HAND

BERTRAM C. IZANT
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May 15, 1987

No. 7-135A035
Date MAY 15 1987
Fee \$ 30.00
ICC Washington, D. C.

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

*\$ 30.00 filing fee
(2 cross index)*

Dear Ms. McGee:

On behalf of CIS Corporation, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, two (2) enclosed executed counterparts of a primary document, not previously recorded, entitled Lease, dated as of March 31, 1987.

The parties to the said enclosed document are:

CIS Corporation - Lessor
909 Montgomery Street
San Francisco, CA 94133

Burlington Northern Railroad Company - Lessee
9401 Indian Creek Parkway
P. O. Box 29136
Overland Park, KS 66201-9136

The rolling stock consists of fifty-nine (59) boxcars as listed on Exhibit A attached hereto.

Please cross-index the interest granted by said Lease against those certain Security Agreements dated as of May 11, 1987 between IteI Rail Corporation, as Debtor, and CIS Corporation, as Secured Party, and CIS Corporation, as Debtor, and The Provident Bank, as Secured Party, filed May 14, 1987.

Enclosed is my check in the amount of ten dollars (\$10.00) in payment of the filing fee.

Once this filing has been made, please return to bearer one (1) stamped counterpart of the document not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filing, and the two extra copies of this letter of transmittal.

* Recordation NO. 15230
** Recordation No. 15231

Very truly yours,

Bertram C. Izant

Bertram C. Izant

BCI/sa
Enclosure

*New member
A. H. Harrison
A. H. Harrison*

MAY 15 1 07 PM '87
MOTOR OPERATING UNIT
100 041155 OF
711 10000000

(A) Fifty-nine (59) - 100 ton, specially equipped, insulated, shock control, load divider, plate C boxcars which bear reporting marks from within the following series:

ATSF
Reporting Marks
of
Boxcars

ATSF 625000	ATSF 625038
ATSF 625001	ATSF 625041
ATSF 625002	ATSF 625042
ATSF 625004	ATSF 625044
ATSF 625005	ATSF 625045
ATSF 625007	ATSF 625046
ATSF 625008	ATSF 625047
ATSF 625009	ATSF 625048
ATSF 625010	ATSF 625049
ATSF 625011	ATSF 625050
ATSF 625012	ATSF 625051
ATSF 625013	ATSF 625052
ATSF 625014	ATSF 625053
ATSF 625016	ATSF 625054
ATSF 625018	ATSF 625055
ATSF 625019	ATSF 625056
ATSF 625020	ATSF 625057
ATSF 625022	ATSF 625058
ATSF 625023	ATSF 625059
ATSF 625024	ATSF 625060
ATSF 625026	ATSF 625061
ATSF 625027	ATSF 625062
ATSF 625028	ATSF 625063
ATSF 625029	ATSF 625064
ATSF 625030	ATSF 625065
ATSF 625032	ATSF 625066
ATSF 625033	ATSF 625067
ATSF 625034	ATSF 625068
ATSF 625035	ATSF 625069
ATSF 625037	

Interstate Commerce Commission
Washington, D.C. 20423

5/15/87

OFFICE OF THE SECRETARY

Bertram C. Izant
114 Sansome Street, Suite 634
San Francisco, California 94104

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 5/15/87 at 1:15pm, and assigned re-
recording number(s). 15234

Sincerely yours,

Noreta K. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

DUPLICATE ORIGINAL
RECORDATION NO. 5234 Filed & Recorded

MAY 15 1987 1-1 5 PM

INTERSTATE COMMERCE COMMISSION

LEASE

LEASE OF RAILROAD EQUIPMENT, dated as of 3-31, 1987, between CIS Corporation, a New York corporation ("Lessor"), and Burlington Northern Railroad Company, a Delaware corporation ("Lessee").

WITNESSETH

WHEREAS, ITEL Rail Corporation, a Delaware corporation ("Vendor"), has entered into a rebuilding agreement with Evans Railcar Company ("Rebuilder") pursuant to the terms of which the Rebuilder has agreed to rebuild certain hulks supplied to it by Vendor to meet the General Specifications for Boxcars in the Adolph Coors Company Service, Specification No. 171-1, dated October 12, 1978 with certain exceptions identified therein and AAR Interchange Rule 88 (the "Specifications" a copy of which is attached hereto as Schedule D) and deliver the rebuilt railroad equipment described in Schedule A hereto (individually, an "Item of Equipment" and collectively, the "Equipment") to the Lessee;

WHEREAS, the Vendor is entering into a Purchase Agreement dated as of the date hereof ("Purchase Agreement") with Lessor pursuant to the terms of which the Vendor will sell to the Lessor and the Lessor will purchase from the Vendor the Equipment accepted by Lessee;

WHEREAS, the Lessee desires to lease the Equipment as delivered and accepted and settled for under the rebuilding agreement at the rentals and for the terms and on the conditions hereinafter set forth; and

WHEREAS, it is contemplated that Lessor will arrange permanent financing from an institutional lender ("Lender" or "Assignee") in connection with its purchase of the Equipment and that said Lender will require Lessor to enter into a security agreement ("Security Agreement") creating a security interest in the equipment in favor of the Lender in connection with such permanent financing;

NOW, THEREFORE, it is hereby agreed as follows:

SECTION 1. Delivery. (1) Lessee shall not by virtue of this Lease or the possession or use of the Equipment by Lessee under or pursuant to this Lease or of anything permitted to be done by Lessee hereunder in respect of the Equipment, acquire title to or any equity in the Equipment. Any rights of Lessee in respect to the Equipment shall constitute a leasehold interest only.

(2) Lessee shall be given the right to inspect the hulks at all times during the rebuilding process and shall be given reasonable access to the Rebuilder's facility and to the employees and agents of Vendor during such times. Lessee hereby agrees, during all stages of the process of rebuilding the hulks, to provide Vendor with its comments and views on whether or not the then-current stage of the rebuilding meets the portion of the Specifications applicable to it. Lessee shall be entitled to have as many inspectors at Rebuilder's facility as it reasonably desires, but only one inspector shall be designated by Lessee as having the authority to speak for Lessee. Such inspector shall communicate with Vendor but not directly with Rebuilder. Lessee hereby agrees to cooperate with Vendor and Rebuilder, by making inspections and in any other reasonable manner to the extent within Lessee's control, so that the hulks will be rebuilt as promptly as possible and, when rebuilt, will meet the Specifications. Lessee agrees to participate in one or more sample car inspections at the Rebuilder's facility in Junction City, Kansas (the "Facility") of the first Item or Items of Equipment as may be reasonably requested by Vendor and, if such sample Item or Items of Equipment shall meet the Specifications, to execute and deliver to Lessor and Vendor a Certificate of Acceptance as provided in Section 1(c) hereof. Upon tender of any Item of Equipment for delivery at the Facility or for sample car inspection, Lessee will cause such Item to be inspected for compliance with the Specifications. If Lessee or its representative shall determine that such Item is not in compliance with the Specifications, Lessee or its representative shall specify the manner in which such Item fails to conform to the Specifications; provided, however, that any Item of Equipment that conforms to the approved sample car or sample cars shall be deemed to meet the Specifications.

(3) Upon tender of each Item of Equipment for delivery at the Facility, Lessee will cause an employee of Lessee to inspect the same and, if such Item of Equipment is found to conform to the Specifications, to accept delivery of such Item of Equipment of behalf of Lessor under the rebuilding agreement and the Purchase Agreement and on

behalf of itself hereunder and execute and deliver to Lessor a certificate of acceptance ("Certificate of Acceptance") in the form of Schedule E attached hereto, stating that such Item of Equipment has been inspected and accepted on behalf of Lessee and Lessor on the date of such Certificate of Acceptance ("Delivery Date") and is marked in accordance with Section 1(7) hereof, whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

(4) If Lessee shall determine that any Unit tendered by Vendor is not in compliance with the Specifications, Lessee shall specify the manner in which such Unit fails to conform to the Specifications. If Rebuilder agrees with such assertion of noncompliance, it shall make the changes necessary to remedy or remove the asserted reason for noncompliance. If Rebuilder disagrees with the assertion on noncompliance, the assertion of noncompliance shall be submitted to arbitration as follows: Within seven days of asserted noncompliance, Rebuilder, Vendor and Lessee shall each choose an individual expert as arbitrator from recommendations of qualified individuals furnished by the AAR. The three experts shall, within seven days, unanimously choose a neutral expert (the "Arbitrator"). The Arbitrator shall, within seven days of being chosen, determine whether or not such Unit meets the Specifications, and, such decision shall be binding upon Rebuilder, Vendor and Lessee, and such Unit shall thereupon be deemed to have been delivered to and accepted by Lessee and subject to the Lease on the same basis as if Lessee had executed and delivered to Lessor a Certificate of Acceptance with respect to said Unit. If the Arbitrator's decision is that the Unit tendered does not meet the Specifications, Rebuilder shall do whatever is necessary to ensure that the Unit does, in the determination of the Arbitrator, meet the Specifications.

(5) No Items of Equipment shall be accepted by Lessee until such date as fifteen (15) Items of Equipment are in a condition to be accepted by Lessee. Thereafter, Items of Equipment shall be accepted by Lessee in approximately three-week intervals, but Lessor shall have no obligation to lease any Items of Equipment to Lessee which shall not have been accepted on or prior to October 31, 1987, and Lessee shall have no obligation to accept any Items of Equipment after December 31, 1987.

(6) Subject to the provisions of this Lease, Lessee's obligation to accept delivery of each Item of Equipment is absolute and unconditional, provided that such Item of Equipment meets the Specifications. Failure of any particular Item of Equipment to

meet the Specifications does not affect Lessee's obligation to accept delivery of each and every other Item of Equipment which meets the Specifications.

(7) Lessee will cause each Item of Equipment to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Item of Equipment not there listed such number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Item of Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item of Equipment, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION," or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Assignee's title to and property in such Item of Equipment and the rights of Lessor under this Lease. Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. Lessee will not change the identifying number of any Item of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed (or shall be filed within fifteen days of any such change) with Assignee and Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease and Security Agreement shall have been filed, recorded and deposited and (ii) if requested by Lessor, Lessee shall have furnished Assignee and Lessor an opinion of counsel in form and substance acceptable to Assignee and Lessor to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Assignee's and Lessor's interests 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 the interests of Assignee and Lessor in the Equipment.

(8) The Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates, but Lessee will not allow the name of any other person, association or corporation to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership.

SECTION 2. Term of Lease; Termination. (1) The term of this Lease as to each Item of Equipment shall commence upon the date Lessee executes the Certificate of

Acceptance pertaining to such Item of Equipment or the Arbitrator decides that such Item of Equipment meets the Specifications, and subject to the provisions of Section 17 hereof, shall terminate on the last day of the one hundred twentieth month following the month in which the last Item of Equipment is accepted.

(2) Except as provided in this Lease, from and after the date of execution hereof until the expiration or termination of the term hereof, this Lease shall not be subject to termination by Lessor, except pursuant to Section 17 hereof upon the occurrence of an Event of Default, or by Lessee.

SECTION 3. Rentals. (1) Lessee agrees to pay to Lessor as rent ("Rent") for the Equipment the following amounts:

(a) During the ten-year base lease term commencing on the first day of the month following the month in which the last Item of Equipment is accepted and ending on the last day of the one hundred and twentieth month following the month in which the base lease term commences, Lessee shall pay to Lessor monthly in arrears in one hundred and twenty (120) consecutive installments (each such date being a "Rental Payment Date"), an amount ("Basic Rent") equal to [REDACTED] per Item of Equipment per month. The Basic Rent has been computed based upon the Equipment having been built according to the Specifications. Any change made in the Specifications will increase or decrease the Basic Rent by an amount to be specified by Lessor. The first such Rental Payment Date shall be the last day of the first month of the base lease term. Rental for the Equipment for the period from the lease commencement date as determined in Section 2 to and including the last day of the month in which the last Item of Equipment is accepted shall be [REDACTED] per day for each Item of Equipment and shall be payable on the last day of each month during said interim rental period.

(b) Sums sufficient to enable the Lessor (or any transferee or assignee of Lessor) to meet the out-of-pocket expenses incurred by Lessor (or any transferee or assignee of Lessor) in connection with the institution of any action or proceeding to enforce the terms hereof unless Lessee prevails in such action or proceeding, in which case Lessor (or its transferee or assignee) shall reimburse Lessee for all expenses incurred by Lessee in defending such action or proceeding; provided, however, that Lessee shall have no liability hereunder with respect to out-of-pocket

expenses incurred by Lessor (or any transferee or assignee of Lessor) in the course of administration and performance (as distinct from the enforcement) of said instruments. All rentals accrued pursuant to this paragraph (b) shall be payable by Lessee from time to time forthwith upon delivery to Lessee of an invoice or invoices setting forth the amount of such rentals then due.

(c) Lessee shall pay to Lessor, as supplemental rent, all amounts (other than the rentals described in Section 3(a) hereof) which Lessee assumes or agrees to pay hereunder to Lessor or to others, including, without limitation, the payments described in Section 3(b) hereof and Casualty Value (as defined in Section 8(3) hereof) payments.

(2) Lessee will pay, to the extent legally enforceable, interest at the greater of thirteen and one half percent (13.5%) per annum or 2% per annum in excess of the rate of interest announced from time to time by Chemical Bank of New York as its "prime rate" (the "Prime Rate") (but in no event shall such rate of interest exceed the highest rate permitted by applicable law) upon any Rent remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease, anything herein contained to the contrary notwithstanding.

(3) All computations hereunder shall be made on the basis of a 360-day year of actual days.

(4) All Rent payments provided for in this Lease, other than rentals accrued pursuant to subparagraph (b) of paragraph (1) of this Section 3 and any other payments constituting part of the Excepted Rights in Collateral as defined in the Security Agreement, shall be paid in lawful money of the United States in immediately available funds at such place as the Lessor or Assignee shall reasonably require. It is agreed that payment by draft satisfies this requirement. If any of the Rental Payment Dates referred to above is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York and/or Fort Worth, Texas are authorized or obligated to remain closed.

(5) This Lease is a net Lease and, except as otherwise provided for in this Lease, Lessee shall not be entitled to any abatement of Rent, reduction thereof (except as otherwise expressly provided in Section 8 hereof) or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of Lessee against Lessor under this Lease or otherwise; nor except as otherwise expressly provided herein shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Equipment from whatsoever cause, the prohibition of or other restriction against Lessee's use of all or any of the Equipment, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rents and other amounts payable by Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

SECTION 4. Subordination of Lease to Security Agreement. (1) Anything herein to the contrary notwithstanding, this Lease and the interest of Lessee in the Equipment shall in all respects be subject and subordinated to all the terms, conditions and provisions of the Security Agreement, and the documents described therein, including the remedies therein upon the happening of an event of default to be defined therein provided, however, that so long as no Event of Default has occurred and is continuing, Lessee shall quietly possess, use and enjoy the Items of Equipment and the rents, revenues, profits and income therefrom without let, hindrance or interruption by Lessor or by any other person lawfully claiming under or through Lessor.

(2) If an event of default, as defined in the Security Agreement, or the documents described therein, which shall not also be an event of default under Section 18 of this Lease, shall occur and Assignee exercises any of the remedies to which it is entitled thereunder and thereby acquires the interest of Lessor under the Lease, Lessee agrees to attorn to Assignee or its nominee or designee and recognize Assignee or said nominee or designee as its Lessor under the Lease and, in such event, the Lease shall continue in full force and effect as a direct lease between Assignee or said nominee or designee and Lessee upon all the then executory terms, covenants and conditions of the Lease, except that Assignee shall not (i) be liable for any previous act or omission by Lessor under the

Lease or (ii) be subject to any offset which shall have theretofore accrued to Lessee against Lessor. Upon request of Assignee, Lessee shall promptly execute and deliver to Assignee an agreement confirming Lessee's attornment.

SECTION 5. Covenants, Representations and Warranties.

(a) Lessor covenants, represents and warrants that:

(i) As of the lease commencement date, the Equipment shall be free and clear of all liens and encumbrances of any nature whatsoever arising out of any act or omission of Lessor, except only the rights of Lessee hereunder and the title and interest of Assignee under the Security Agreement and the documents described therein.

(ii) It is a duly organized and validly existing corporation in good standing under the laws of the State of ~~California~~ ^{New York}, qualified to do business in all jurisdictions in which qualification is required in order for it to carry out the transactions contemplated by this Lease; and it is empowered and authorized to own its properties and carry on its business as now or hereafter conducted.

(iii) The execution and delivery of this Lease have been duly authorized and will not contravene any provision of law or of its articles of incorporation or by-laws and will not contravene or constitute a default under the provisions of any agreement or other instrument binding upon it; and this Lease is a valid and binding obligation of the Lessor.

(iv) To the best of its knowledge, no governmental authorization or approvals are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Equipment hereunder for the rentals and on the other terms and conditions herein provided.

(v) No litigation or administrative proceedings are pending or, to the best knowledge of Lessor, threatened against Lessor, the adverse determination of which would affect the validity of this Lease or the rights of Lessor or its successors hereunder.

(b) Lessee covenants, represents and warrants that:

(i) It is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, qualified to do business in all jurisdictions in which qualification is required in order for it to carry out the transactions contemplated by this Lease; and it is empowered and authorized to own its properties and carry on its business as now or hereafter conducted.

(ii) The execution and delivery of this Lease are within its corporate powers, have been authorized by proper corporate proceedings and will not contravene any provision of law, governmental rule or regulation, judgment or order applicable to the Lessee, or of its charter or by-laws and do not and will not contravene any provision of or constitute a default under the provisions of any indenture, mortgage, contract or other agreement or instrument binding upon it; and this Lease is a valid and binding obligation of the Lessee which is enforceable against the Lessee in accordance with its terms.

(iii) No giving of notice to, registration with or taking any action in respect of or by any federal, state or local governmental body is required and no governmental authorization or approvals are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Equipment hereunder for the Rent and on the other terms and conditions herein provided, or, if any such actions or approvals are so required they have been so given and/or obtained, and, if any such approvals are hereafter required, they will be promptly obtained.

(iv) No litigation or administrative proceedings are pending or, to the best knowledge of Lessee, threatened against or affecting Lessee in any court or before any governmental body, the adverse determination of which would affect the validity of this Lease, the rights of Lessor or its successors hereunder, or the ability of Lessee to perform its obligations under the Lease.

(v) The Lessee is not in default under any material obligation for the payment of borrowed money, the deferred purchase price of property, or rent under any lease of real or personal property, and no event that, with the lapse of time or the giving of notice or both, would constitute a default under any thereof has occurred and is continuing.

(vi) The Lessee has filed all tax returns that are required under the laws of the United States and any state or subdivision thereof and has paid all taxes shown to be due and payable except those which are being contested by appropriate legal proceedings, and there are no Federal tax liens filed against the Lessee.

(vii) The balance sheet and the related statement of income and statement of changes in financial position of the Lessee, or the consolidated group of which the Lessee is a member contained in Lessee's most recent annual report and Forms 10K and 10Q, heretofore delivered to the Lessor, have been prepared in accordance with generally accepted accounting principles and fairly present the financial position of the Lessee or such consolidated group, as the case may be, on and as of the date thereof, and the results of its operations for the period or periods covered thereby; and since the date of such balance sheet and statement, there has not been any material adverse change in the financial condition or results of operations of the Lessee or such consolidated group.

SECTION 6. Taxes. (1) All payments to be made by Lessee hereunder will be free of expense to Lessor and Assignee for collection or other charges and will be free of expense to Lessor and Assignee with respect to the amount of any local, State or Federal taxes (other than the Federal income tax payable by Lessor or Assignee in consequence of the receipt of payments provided herein and other than State or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the State and city in which Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided and other than sales taxes on the Equipment from Vendor to Lessor), assessments or license fees (and any other charges, fines or penalties in connection therewith) hereafter levied or imposed upon or in connection with or measured by, this Lease or any rental, use, payment, shipment, delivery or transfer of title under the terms hereof or any assignment or participation or interest in any assignment hereof, all of which expenses, taxes, assessments, license fees, charges, fines and penalties Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all taxes (other than taxes referred to in the first parenthetical of this Section 6), assessments or license fees (and any charges, fines or penalties in connection therewith) which may be imposed upon any part of the Equipment or for the use or

operation thereof or upon the earnings arising therefrom or upon Lessor or Assignee solely by reason of its ownership thereof, and will keep at all times all and every part of the Equipment free and clear of all taxes and assessments which might in any way affect the title of Lessor or Assignee or result in a lien upon any part of the Equipment and will supply Lessor and Assignee with a receipt or other evidence of such payment satisfactory to Lessor and Assignee; provided, however, that Lessee shall be under no obligation to pay any taxes, assessments, license fees, charges, fines or penalties of any kind (hereinafter called "impositions") so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the reasonable advance opinion of Lessor and Assignee, adversely affect the property or rights of Lessor or Assignee hereunder or under the Security Agreement, or other documents described therein. If any impositions shall have been charged or levied against Lessor or Assignee directly and paid by Lessor or Assignee, Lessee shall reimburse Lessor or Assignee as the case may be, on presentation of an invoice therefor.

(2) In the event that, during the continuance of this Lease, Lessee becomes liable for the payment or reimbursement of any impositions pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of the term of this Lease, until all such impositions are paid or reimbursed by Lessee. Payments due from Lessee to Lessor or Assignee under this Section 6 shall be made directly to the party indemnified.

(3) In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this Section 6, Lessee will where permitted to do so under applicable rules and regulations, make and timely file such reports and returns in such manner as to show the interest of Lessor and Assignee in the Equipment or, where not so permitted, will notify Lessor and Assignee of such requirement and will prepare and deliver such reports to Lessor and Assignee within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accounting fees) of preparing any such return or report shall be borne by Lessee.

SECTION 7. Insurance. (1) Lessee will maintain at its sole cost and expense at all times during the continuance of this Lease (and thereafter pending delivery of the Equipment to Lessor pursuant to this Lease and so long as the Equipment shall be stored by Lessee) general liability insurance policies, with Lessor and Assignee named as additional insureds, as their respective interests may appear, which shall protect Lessor

and Assignee against risks arising out of the condition, maintenance, use and operation of the Equipment, having limits for bodily injury or death of not less than \$25,000,000 and limits for property damage occurring to the property of others of not less than \$4,000,000, per occurrence. Such policies may have such deductibles as are usual and customary for Class I railroads operating within the United States. Lessor shall be furnished with certificates of all such policies, which certificates shall provide that in the event of material change, non-renewal or cancellation of any such policy the company issuing such certificate(s) will provide Lessor with ten days' prior written notice thereof. If Lessee shall fail to provide for the foregoing insurance, Lessor may procure such insurance, and Lessee shall, upon demand, reimburse Lessor for all outlays for such insurance, with interest thereon computed at the greater of 13.5% per annum or 2% per annum over the Prime Rate (not to exceed the highest rate of interest permitted by applicable law). As used in this Section 7, the term "Lessor" shall include any assignee of Lessor (including Assignee). Lessor at its option, cost and expense may obtain policies of insurance providing coverage with respect to the Equipment in addition to the coverage required by this Section 7 to be maintained by Lessee. Lessee will also carry and maintain at its sole cost and expense with respect to the Equipment such other insurance as is at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Equipment. It is agreed that the provisions of this Section 7(1) may be fulfilled by self insurance by Lessee whenever and to the extent self insurance is customarily practiced by Class I railroads of Lessee's size and financial condition.

(2) Any policies of insurance carried in accordance with this paragraph shall name Lessor and Assignee as additional insureds and loss payees as their respective interests may appear.

(3) If Lessor shall receive (directly or from Assignee) any insurance proceeds or condemnation payments in respect of an Item of Equipment suffering a Casualty Occurrence, Lessor shall pay such proceeds or condemnation payments to Lessee up to an amount equal to the Casualty Value with respect to an Item of Equipment paid by Lessee and any balance of such proceeds or condemnation payments shall remain the property of Lessor; provided, however, that no Event of Default shall have occurred and be continuing and Lessee shall have made payment of the Casualty Value thereof, and accrued Rent in respect of such an Item of Equipment to Lessor. All insurance proceeds received by Lessor (directly or from Assignee) in respect of any Item of Equipment not

suffering a Casualty Occurrence shall be paid to Lessee upon proof satisfactory to Lessor that any damage to such Item of Equipment in respect of which such proceeds were paid has been fully repaired.

SECTION 8. Payment for Casualty Occurrences. (1) In the event that (i) any Item of the Equipment shall be or become lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or (ii) the Purchase Price of any Item of Equipment shall have been refunded by the Vendor to Lessor (or its transferee or assignee) pursuant to the terms of its patent indemnity therefor, or (iii) any Item of Equipment shall be taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of ninety (90) consecutive days or until the end of the term or any renewal term of this Lease (such occurrences being hereinafter called "Casualty Occurrences") during the term or any renewal term of this Lease, Lessee shall within thirty (30) days after it shall have determined that an Item of Equipment has suffered a Casualty Occurrence, fully inform Lessor and Assignee in regard thereto. On the next succeeding Rental Payment Date, Lessee shall pay to Lessor an amount equal to the accrued Rent for such Equipment to the date of such payment plus (A) in the case of Casualty Occurrences of the types described in Sections 8(1)(i) and 8(1)(iii) hereof, a sum equal to the Casualty Value (as hereinafter defined) of such Equipment as of the date of such payment in accordance with Schedule C hereto, and (B) in the case of a Casualty Occurrence of the type described in Section 8(1)(ii) hereof, an amount equal to the difference between the Casualty Value of such Equipment as of the date of such payment in accordance with Schedule C hereto and the amount, if any, refunded by the Vendor to Lessor pursuant to the terms of the patent indemnity of Vendor. Upon the making of such payment by Lessee in respect of such Equipment, the Rent for such Item of Equipment shall cease to accrue as of the date of such payment, the term of this Lease as to such Item of Equipment shall terminate and (except in the case of the loss, theft or complete destruction of such Item of Equipment) Lessor shall be entitled to recover possession of such Item of Equipment. Except as hereinabove in this Section 8 provided, Lessee shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the lease commencement date.

(2) Lessor hereby appoints the Lessee its agent to dispose of any Item of Equipment if it has suffered a Casualty Occurrence at the best price obtainable on an "as

is, where is" basis. Provided that the Lessee is not in default under this Lease and has made all payments required by this Lease, the Lessee shall be entitled to (i) the proceeds of such sale (net of expenses) or (ii) the amounts received as described in Section 8(1)(iii) hereof to the extent such process or amounts do not exceed the Casualty Value of such Item of Equipment and any excess shall be paid to or for the account of Lessor.

(3) The Casualty Value of each Item of Equipment as of the Rent Payment Date on which such payment is made shall be an amount equal to that amount per Item of Equipment as is set forth in Schedule C hereto opposite the Rent Payment Date next succeeding the actual date of such Casualty Occurrence or, if there is no such Rent Payment Date, the last Rent Payment Date; but in no event shall such amount be less than the Casualty Value as of such Rent Payment Date.

SECTION 9. Maintenance and Repair. (1) Lessee, at its own cost and expense, will at all times (i) maintain and keep the Equipment in as good operating order, repair and condition as when delivered pursuant to Section 1 hereof, ordinary wear and tear excepted, and in as good operating order, repair and condition as other equipment of similar type and vintage owned or leased by Lessee, (ii) maintain the Equipment as an operating and functional part of its business, (iii) replace any part of the Equipment which shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, with like kind equipment that is functionally equivalent to the part of the Equipment being replaced, and, (iv) subject to the provisions of Section 8 hereof, in case of damage by fire, accident or otherwise to the Equipment, promptly repair the Equipment and restore it to operating order, all without expense to Lessor. In addition, Lessee shall maintain each Item of Equipment in such condition as will enable such Item of Equipment to perform the functions for which it was originally intended, including, but not limited to, being fit for use in interchange under load, and shall maintain each Item of Equipment in accordance with the specifications of the Rebuilder of such Item of Equipment and in accordance with the standards prescribed by the Association of American Railroads or any governmental authority having jurisdiction over the Equipment and without limiting the foregoing, according to those standards applied by Lessee to equipment owned by it. Without limitation as to any other provision of this Section 9(1), each Item of Equipment subject hereto shall be operated safely and carefully by properly trained persons and shall not be operated or used in a negligent, reckless, careless or abusive manner or used beyond its maximum load capacity.

(2) All parts and accessories installed on, incorporated in or attached to the Equipment or any part thereof and any replacements thereto shall be considered accessions to the Equipment and, without cost or expense to Lessor, full ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by the Security Agreement), shall be immediately vested in Lessor.

SECTION 10. Compliance with Laws, Rules and Regulations. During the term of this Lease, Lessee will comply in all respects (including without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws, rules and regulations of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads (or of any successor thereto) and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws, rules and regulations affect the operation, maintenance or use of the Equipment or any additional equipment or appurtenances thereof; and in the event that such laws, rules or regulations require alteration of any of the Equipment, Lessee will conform therewith, at its expense, and will maintain the Equipment in proper condition for operation under such laws, rules and regulations; provided, however, that Lessee may, in good faith, contest the validity or application of any such law, rule or regulation in any reasonable manner which does not, in the advance opinion of Lessor and Assignee, adversely affect the title, property or rights created or purported to be created hereunder.

SECTION 11. Reports and Inspections. (1) During the term of this Lease, Lessee will furnish, on or before February 28 in each year, commencing with the year 1988, to Lessor and Assignee an accurate statement, signed by the President, a Vice President or the Chief Engineer of Lessee, listing any casualty which occurred during the preceding year and containing such other information regarding the condition and state of repair of the Equipment as Lessor or Assignee may reasonably request. Lessor and Assignee shall have the right, by their agents, but shall be under no obligation, to inspect the Equipment and the records of Lessee relating to the Equipment and to Lessee's obligations hereunder at any reasonable times during the continuance of this Lease.

(2) Upon the receipt of 30 days advance written notice from Lessor or its Assignee, Lessee agrees to prepare and deliver to Lessor and Assignee (or, to the extent permissible, file on behalf of) any and all information for

the inclusion in reports to be filed by Lessor or Assignee with any Federal, State or other regulatory authority by reason of the ownership of Lessor or Assignee of the Equipment or the leasing by Lessor thereof to Lessee.

SECTION 12. Possession and Use. Subject to the provisions of Section 4 hereof, Lessee, in the absence of the occurrence or continuance of an Event of Default hereunder, shall be entitled to the possession, use and quiet enjoyment of the Equipment and to the use thereof, but only upon and subject to all the terms and conditions of this Lease. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of the Equipment or suffer or allow the Equipment to pass out of its possession or control; provided, however, so long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession of the Equipment and to the use of the Equipment by it or any affiliate of the Lessee upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, locomotive pooling or exchange agreements and to assign its rights to the Equipment or to sublease the Equipment to any of its affiliates or to any carrier having revenues in excess of \$50,000,000 ("Class I Carriers") and with respect to which a petition for reorganization under Title 11 of the United States Code as now constituted or as hereafter amended has not been filed against by or against such Class I carrier, but only upon and subject to all the terms and conditions of this Lease, including, without limitation, Section 17(2) hereof.

SECTION 13. Prohibition against Liens. Lessee, at its own expense, will promptly pay or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party by, through or under Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon any Item of Equipment, or the Rent payable by Lessee hereunder, equal or superior to the title or claim of Lessor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of Lessor or Assignee, adversely affect the title, property or rights created or purported to be created hereunder.

SECTION 14. Lessee's Indemnities. Lessee agrees to indemnify and save harmless Lessor, Assignee and any person in whom title to the Equipment may be vested, and any assignee of any interest in this Lease from and against all losses, damages, injuries, liabilities, claims, suites, judgments, costs, expenses and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of the entering into or the performance of this Lease or the ownership of the Equipment by Lessor, Assignee or any assignee, or the use and operation of the Equipment by Lessee or any other person during the continuance of this Lease; provided that Lessee shall not be liable for any costs and expenses incurred by Lessor or Assignee, including counsel fees, except to the extent otherwise agreed in writing, incurred in connection with the negotiation and preparation of this Lease and the documents described therein. Notwithstanding the foregoing, Lessee shall not be required to make any indemnification for any claim which arises from the gross negligence or willful misconduct of Lessor or Assignee. This covenant of indemnity shall continue in full force and effect notwithstanding the termination of this Lease in any manner whatsoever, and/or the complete discharge by Lessee of its obligations under this Lease. Notwithstanding any other provision in this Lease to the contrary, the obligation of Lessee to indemnify any person hereunder shall not be affected by the willful misconduct or gross negligence of any other person indemnified hereunder.

SECTION 15. Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE FITNESS, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT LEASED BY LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE OR AS TO ANY PATENTED FEATURES THEREOF OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Notwithstanding the foregoing, Lessor shall cause Vendor to obtain from Rebuilder for the benefit of Lessee all warranties made by Rebuilder to Vendor with respect to the Equipment.

SECTION 16. Assignment. (1) All or any of the rights, benefits and advantages of Lessor hereunder, including without limitation the right to receive payment of Rent or any other payment under this Lease, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time. No such assignment shall relieve Lessor from or, unless expressly provided to that effect, subject

any assignee to any obligation of Lessor hereunder. To the extent assigned, all rights of Lessor hereunder (including, but not limited to, the rights under Section 17 hereof) shall inure to the benefit of Lessor's assigns. If Lessor shall give written notice to Lessee stating the identity and post-office address of any assignee entitled to receive the payment of Rent and/or other sums payable by Lessee hereunder, Lessee shall thereafter make the payments designated in such notice to the designated assignee.

(2) Except as otherwise provided in Section 12, Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease or sublet the Equipment or any part thereof, except to the extent that the provisions of any existing mortgages or indentures affecting property of Lessee may attach to the leasehold interest of Lessee or require the same to be subjected thereto and except that Lessee may assign and transfer its leasehold interest hereunder in the Equipment and the possession thereof to any railroad which shall have duly assumed by a written instrument satisfactory to Lessor and Assignee all of the obligations hereunder of Lessee and into or with which Lessee shall have merged or consolidated or which railroad shall have acquired the property of Lessee as an entirety or substantially as an entirety. Any assignment prohibited by this Section shall be void.

SECTION 17. Events of Default; Remedies. (1) If, during the continuance of this Lease, one or more of the following events (herein called "Events of Default") shall occur and be continuing:

- (a) default shall be made in the payment of any part of the rental provided in Sections 3 or 14 hereof and such default shall continue for five (5) days following receipt of written notice from Lessor; or
- (b) Lessee shall fail to obtain or maintain insurance as required hereunder; or
- (c) Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of any Item of the Equipment; or
- (d) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessee contained herein and such default shall continue unremedied for thirty (30) days after written notice from Lessor or the Assignee to Lessee specifying the default and requesting that the same be remedied; or

(e) (i) a petition for reorganization under Title 11 of the United States Code as now constituted or as hereafter amended, shall be filed by or against Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within sixty (60) days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

(ii) any other proceeding shall be commenced by or against Lessee for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue), all the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Lessee or for the property of Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within sixty (60) days after such proceeding shall have been commenced; or

(f) any representation or warranty made by the Lessee in this Lease or any document delivered by Lessee in connection herewith shall prove to be incorrect in any material respect when made or given;

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

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

(II) by notice in writing to Lessee terminate this Lease as of a date not less than ten (10) days after such notice, whereupon all right of Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as herein provided; and thereupon Lessee shall deliver possession of the Equipment to Lessor in accordance with Section 18 hereof and Lessor may by its agents enter upon the premises of Lessee or other premises where the Equipment may be and take possession of the Equipment and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Equipment for any purposes whatever; but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid, including rentals accruing hereunder after the date of default up until the date of such repossession of the Equipment by Lessor (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 denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee:

(i) as damages for loss of the bargain and not as a penalty, a sum, with respect to the Equipment, which represents the excess of (x) the present worth, at the time of such termination, of the aggregate of the rentals for the Equipment which would otherwise have accrued hereunder from the date of such termination by its terms but for the Event of Default which resulted in termination hereunder over (y) the then present worth of the fair rental value of such Equipment for such period, such present value to be computed in each case on a basis of 10% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; plus interest commencing on the date of such notice on such excess at the Prime Rate as of the date of such notice. Such present worths are to be computed in each case by discounting such rental payments at a rate of 10% per annum compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or

(ii) an amount equal to the excess, if any, of the Casualty Value as of the Rent Payment Date on or next preceding the date of termination over the amount Lessor reasonably estimates to be the sales value of such Item of Equipment at such time; provided, however, that in the event Lessor shall have sold any Item of Equipment, Lessor, in lieu of collecting any amounts payable by Lessee pursuant to the preceding clause (i) with respect to such Item of Equipment, may, if it shall so elect, demand that Lessee pay Lessor and Lessee shall pay to 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 for such Item of Equipment, as of the Rent Payment Date on or next preceding the date of termination over the net proceeds of such sale; and

(iii) any damages or expenses, including reasonable attorneys' fees, in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of Rent, including, without limitation, expenses of sale or re-leasing (including incidental transportation costs incurred by Lessor), and

(iv) apply moneys then held by it hereunder to amounts due to Lessor hereunder, including damages and expenses referred to in Clause (ii) of this Section.

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

3. Each and every power and remedy hereby specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No

delay or omission of Lessor in the exercise of any power or remedy herein provided or otherwise available to Lessor and no renewal or extension of any payments due hereunder or other indulgence duly granted to Lessee shall impair any such power or remedy or shall be construed to be a waiver of any default or any acquiescence therein. Acceptance by Lessor of any payment after it shall have become due hereunder shall not be deemed to alter or affect Lessee's obligations or Lessor's rights hereunder with respect to any subsequent payments or any prior or subsequent default hereunder. In the event that Lessor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Lessor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

SECTION 18. Return of Equipment Upon Default or Termination of Lease. (1) If this Lease shall terminate pursuant to Section 17 hereof, Lessee shall forthwith deliver possession of the Equipment to the Lessor. Each Item of Equipment so delivered shall be in the operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted, shall meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental or agency other organization with jurisdiction, shall have been maintained in accordance with the provisions of Section 9 and shall have attached or affixed thereto any special device considered an accession thereto and shall have removed therefrom at Lessee's expense any addition, modification or improvement which were made by Lessee during the term of this Lease and are readily removable without causing material damage to the Equipment and do not adversely and materially affect the value of the Equipment. For the purpose of delivering possession of any Item or Items of Equipment as above required, Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt written notice to the Association of American Railroads and all railroads to which any Item or Items of Equipment have been interchanged or which may have possession thereof to return the Item or Items of Equipment) and at the usual speed place such Item or Items of Equipment upon such storage tracks of Lessee or any of its affiliates as Lessor reasonably may designate;

(b) permit Lessor to store such Item or Items of Equipment on such tracks at the risk of Lessee without charge for insurance, rent or storage for a period of sixty days (60); and

(c) transport the same to any place on the lines of railroad operated by Lessee or any of its affiliates or to any connecting carrier for shipment, all as reasonably directed by Lessor.

All amounts earned in respect of the Item or Items of Equipment after the date of termination of this Lease shall belong to Lessor and, if received by Lessee, shall be promptly turned over to Lessor.

(2) Not later than one hundred eighty (180) days prior to the expiration of the Lease, Lessee will notify Lessor in writing of its intention to exercise or not to exercise its right of renewal provided in Section 19 hereof. In the event that Lessee does not exercise its right of renewal, or in the event that this Lease shall terminate pursuant to Section 17 hereof, then Lessee shall, at its own cost, forthwith deliver possession of the Equipment in good order and repair, ordinary wear and tear excepted, and in condition satisfactory for interchange service under rules of the Association of American Railroads (or any successor). In any event, Lessee shall deliver the Equipment to Lessor not later than sixty (60) days after the expiration or termination of this Lease. For the purpose of delivering possession of the Equipment to Lessor as above required, Lessee shall at its own cost and expense forthwith assemble the Equipment and place it upon such storage track of Lessee as Lessor may reasonably designate, and Lessee shall permit Lessor to store such Equipment on such tracks at the risk of Lessee for a period of not exceeding sixty (60) days from the date of such delivery by Lessee until Lessor shall have sold or otherwise disposed of the Equipment, free of charge to Lessor, and shall, at the cost and expense of Lessee, transport the Equipment at any time within such ninety (90) day period, to any place or places on the lines of railroad operated by it or its affiliates, all as directed by Lessor. 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, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee to so assemble, deliver, store and transport the Equipment. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Equipment, to inspect the same, provided that Lessor or persons designated by it execute appropriate releases of liability for personal injury, in form provided by Lessee. The Equipment, returned to the Lessor pursuant to this Section 18, shall be in the same operating order, repair and condition as when originally delivered to the Lessee hereunder, ordinary wear and tear excepted.

(3) During any storage period described in this Section 18, Lessee will continue the insurance required hereunder and will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Item of Equipment, to inspect the same; provided, however, that Lessee shall not be liable, except in the case of gross negligence of Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence; provided, further, that Lessor shall require prospective purchasers or their employees to execute Lessee's standard release form which shall hold Lessor, Assignee and Lessee harmless from and against any and all claims for personal injury. During any such storage period the Lessee shall 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 the Association of American Railroads. In addition, Lessee shall, at its own expense, give prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Item of Equipment has been interchanged or which may have possession thereof to return such Item of Equipment to Lessee.

(4) Without in any way limiting the obligations of Lessee under the foregoing provisions of this Section 18, Lessee hereby irrevocably appoints Lessor and any assignee of any rights hereunder, and each of them, as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of the Equipment or any part thereof to Lessor and has not done so, to demand and take possession of such Equipment in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Equipment; provided, however, Lessor shall comply with all applicable laws. In connection therewith, Lessee will supply Lessor with such documents as Lessor may reasonably request.

SECTION 19. Options.

(1) Lessee shall have the right to renew this Lease with respect to the Equipment at the end of the primary ten-year lease term for one renewal term of five (5) years at the then Fair Rental Value payable on the last day of each calendar month of such extended term (the "Renewal Term") as set forth in Schedule B. All such payments shall be in arrears. The other terms and conditions of any such renewal period shall be the

same as those contained herein other than this Section 19. To exercise such renewal option, Lessee must give Lessor written notice not more than three hundred (300) days and not less than one hundred eighty (180) days prior to the expiration of the Lease, and such option may only be exercised if the Lease has not been earlier terminated and Lessee is not in default under the Lease.

(2) If Lessee has duly exercised its renewal option, then during the last year of the renewal period Lessee may elect to purchase all of the Items of Equipment for their then Fair Market Value as set forth in Schedule B. This option must be exercised by written notice delivered to Lessor not earlier than three hundred (300) days prior to the expiration of the Renewal Term, and not later than one hundred eighty (180) days prior to the expiration of the Renewal Term, and such option may only be exercised if the Lease has not been earlier terminated and Lessee is not in default under the Lease.

SECTION 20. Tax Indemnification. (1) Tax Assumptions. In entering into the transaction, Lessor and Lessee made the following assumptions regarding the income tax characterization of the transaction for federal income tax purposes (the "Tax Assumptions"):

(a) Lessor will be treated as the purchaser, owner and lessor of the Equipment;

(b) each Item of Equipment will be treated as placed in service by Lessor on its respective delivery date;

(c) in the hands of Lessor each Item of Equipment will constitute "recovery property" and "7-year property" within the meaning of Section 168 of the Code;

(d) with respect to each Item of Equipment, Lessor will be entitled to depreciation deductions under Section 168 of the Code for the Equipment's purchase price, Lessor's depreciation deduction will begin in its tax obligation year which includes the date of delivery, and Lessor will be entitled to use as its applicable depreciation method the 200 percent declining balance method switching to the straight line method as permitted by Code Section 168(b)(i)(B) and as its applicable recovery period 7 years;

(e) except in the event that an Item of Equipment suffers a Casualty Occurrence, no portion of the depreciation deductions in respect of any Item of Equipment will be recaptured at any time prior to the expiration of the term of the Lease;

(f) the indebtedness incurred under the Security Agreement will constitute indebtedness of Lessor, and Lessor will be entitled to current deductions for interest paid or accrued thereon;

(g) the only amounts that Lessor will be required to include in gross income with respect to the transactions contemplated by this Lease, the Purchase Agreement, and the Security Agreement prior to the expiration of the term of this Lease (or on or after such expiration if such inclusion relates to events or matters arising or occurring prior to or coincident with such termination) will be (i) rentals in such amounts as are paid or accrued under Section 3(1)(a) hereof; (ii) amounts to the extent they are offset by deductions in the same taxable year of Lessor in which such amounts are includable in gross income; (iii) any indemnity hereunder; (iv) Casualty Value payments; or (v) gain attributable to Lessee's purchase of the Equipment pursuant to Section 19 of this Lease;

(h) Lessor will not be required to include any amount received with respect to the transactions contemplated by this Lease, the Purchase Agreement and the Security Agreement in its gross income in a taxable year prior to the taxable year in which such income would be included under its method of accounting (which shall be in accordance with generally accepted accounting principles) assuming such amount was paid when due under this Lease, the Purchase Agreement and the Security Agreement;

(i) Lessor shall be entitled to amortize over a period not longer than the original term of the Lease all costs and expenses, other than costs and expenses included in the purchase price of the Equipment, paid or incurred by Lessor with respect to the transactions contemplated by this Lease, the Purchase Agreement, and the Security Agreement that are not currently deductible; and

(j) All amounts includable in gross income by, and all deductions allowed to, Lessor with respect to the Equipment will be treated as income or deductions derived from or allocable to sources within the United States.

(2) Lessee's Special Tax Representations, Warranties and Covenants. Lessee hereby represents, warrants and covenants to the Lessor as follows:

(a) As of the delivery date for each Item of Equipment:

(i) The Item of Equipment will constitute "recovery property" and "7-year property" (within the meaning of Section 168 of the Code).

(ii) The purchase price of the Item of Equipment approximates its fair market value, which is the price a willing buyer, under no compulsion to buy, would pay a willing seller under no compulsion to sell for the Equipment with buyer and seller each being informed of all relevant facts.

(iii) It is reasonable to assume that at the end of the original term of the Lease each Item of Equipment will have a remaining useful life of at least 20% of the originally estimated useful life of the Equipment at the commencement of the Lease and a residual value (computed without regard to inflation) equal to at least 20% of the purchase price of such Item of Equipment.

(iv) The Item of Equipment will not require any improvements, modification or additions (other than ancillary items of equipment of a kind that are customarily selected and furnished by purchaser or lessees of equipment that is similar to the Item of Equipment) in order to be rendered complete for its intended use by Lessee.

(v) Lessee, all affiliates of Lessee, and all shareholders and other persons related to Lessee shall have been fully reimbursed for all costs and expenses (if any) included in the purchase price of the Item of Equipment paid or incurred by them with respect to the Item of Equipment.

(b) No loss, damage, condemnation, confiscation, seizure or requisition to or of an Item of Equipment which does not constitute a Casualty Occurrence or require the payment of Casualty Value will result in the loss, or disallowance of any of the tax benefits in or resulting from the Tax Assumptions.

(c) The Equipment does not constitute "limited use property" within the meaning of Rev. Proc. 76-30, 1976-2 C.B. 647.

(d) For purpose of Section 168 of the Code, each Item of Equipment will be placed in service on its respective delivery date.

All representations, warranties and covenants are based upon and shall be construed by reference to the Internal Revenue Code of 1986 (the "Code") as in effect on the date of this Agreement. The Lessee shall not be responsible in any manner whatsoever for any amendments or other changes to the Code enacted after the date of this Agreement, whether or not such amendments or other changes are made retroactive to a date preceding the date of this Agreement.

(3) Loss of Tax Benefits. If, (a) by reason of the acts or omissions of Lessee or of any other person in possession of the Equipment or an Item of Equipment; or (b) by reason of the inaccuracy or breach by Lessee of the representations, warranties or covenants contained in Section 20(2) of this Lease or in any agreement contemplated hereunder; and (c) Lessor, in determining its federal income tax liability for any taxable year, shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of, or delay in claiming all or any portion of the tax benefits described in or resulting from the Tax Assumptions (any such event being hereinafter called a "Loss"), or shall be required to include in its gross income any amounts other than those amounts expressly assumed to be includable in gross income as a Tax Assumption, or shall be required to include any amount in gross income at an earlier date than is contemplated by the Tax Assumptions, or shall lose or be denied the right or be unable to exclude from its income any amount that would be so excludable if the Tax Assumptions were correct (any such required inclusion being referred to as an "Inclusion"), then Lessee shall pay Lessor an indemnity with respect to such Loss or Inclusion in the amount determined below, provided that Lessee shall not be required to pay any such indemnity to the extent that a Loss or Inclusion is attributable to one or more of the following events:

(a) the failure of Lessor in its federal income tax returns for the appropriate years to elect or otherwise claim in a timely and proper manner any deductions, credits and treatment of income and deductions described in or resulting from the Tax Assumptions, unless such failure is due to Lessee's failure timely to provide Lessor with the information reasonably necessary to

make such claim or election (but only if such information was previously requested by Lessor), or unless in the reasonable opinion of independent tax counsel selected by Lessor and approved by Lessee (whose approval shall not be unreasonably withheld) there is no reasonable basis for such claim or treatment;

(b) a voluntary disposition by Lessor of its interest in the Equipment or any Item of Equipment, a voluntary disposition being a disposition which was within Lessor's control to prevent, notwithstanding any financial hardships of the Lessor, if such disposition shall not be pursuant to or in connection with the exercise of any remedy available to the Lessor under Section 18 of this Lease;

(c) a disposition by Lessor of its interest in the Equipment or any Item of Equipment in a transaction in which the Casualty Value is payable (pursuant to Section 8 of the Lease); or

(d) a transfer by Lessor resulting from bankruptcy or other proceedings for the relief of debtors in which Lessor is the debtor (voluntarily or involuntarily), of its interest in the Equipment or any Item of Equipment.

(4) Amount of Indemnification. In the case of any Loss or Inclusion that is indemnifiable pursuant to Section 20(3) hereof, Lessee shall pay to Lessor an amount that after deduction of all taxes, fees, and other charges required to be paid by Lessor as a direct result of the receipt or accrual of such amount under the laws of any federal, state or local taxing authority, shall be, with respect to each taxable year of Lessor, equal to the sum of (a) the aggregate amount of additional federal income taxes payable by Lessor from time to time as a direct result of such Loss or Inclusion, plus (b) the aggregate amount of any interest, penalties or additions to tax payable by Lessor with respect to such year as a result of such Loss or Inclusion.

Lessor shall pay to the Lessee from time to time amounts equal to the sum of (a) the reduction in federal taxes (together with the excess of interest received from the Internal Revenue Service that is attributable to such reduction over all taxes paid by Lessor with respect to that interest), if any, realized by Lessor directly or indirectly attributable to or resulting from any Loss or Inclusion previously indemnified by Lessee

hereunder, or to any amount paid by Lessee to Lessor under the immediately preceding paragraph and (b) the reduction in federal, state or local taxes realized by Lessor as a direct result of any payment pursuant to this sentence; provided, however, that (x) the aggregate amount paid by Lessor to Lessee under this paragraph with respect to any such Loss or Inclusion shall not exceed the aggregate amount (including any interest attributable thereto) paid by Lessee to Lessor under the immediately preceding paragraph with respect to any Loss or Inclusion, and (y) any disallowance or reduction of such additional tax benefits subsequent to the year of realization by Lessor shall be treated as a Loss and subject to the provisions of this Section 20. Anything to the contrary herein notwithstanding, Lessor shall not be obligated to make any payments to Lessee hereunder if, and so long as, an Event of Default shall have occurred and be continuing, provided such amount, together with interest thereon (from the last date such amount would have been payable in the absence of an Event of Default) at the rate applicable to obligations of the U.S. government having a maturity of thirty (30) days, shall be paid to Lessee when there is no longer an Event of Default continuing. Any amount that would be due to Lessee by Lessor pursuant to this paragraph as applied without clause (x) above, and not payable as a result of clause (x), shall be carried over to future years and such amount shall be offset against any future payments otherwise required under this Section 20(4) to be made by Lessee to Lessor.

Any amount payable to Lessor pursuant to this Section 20 shall be paid not later than thirty (30) days after receipt by a written demand therefor from Lessor, but such payment shall not be due prior to the earliest of (a) payment by Lessor of the additional taxes (including payments of estimated tax) which become due as a result of the Loss or Inclusion, (b) the date Lessor shall suffer a reduction in the amount of any refund of federal income tax that Lessor would have been entitled to receive but for such Loss or Inclusion, or (c) in the case of a contest pursuant to Section 20(6) hereof, the time prescribed in Section 20(6) for such payment.

Any amount payable to Lessee pursuant to this Section 20(4) shall be paid not later than thirty (30) days after the date on which Lessor shall realize any such reduction in federal income tax (including payments of estimated tax) and shall be accompanied by a written statement describing in reasonable detail the computation of the amount so payable as reasonably determined by Lessor. Lessor shall use reasonable efforts to claim and maximize any such reduction in federal income tax.

(5) Computations. Whenever it may be necessary to determine (a) whether there is a Loss or Inclusion, (b) the amount of a Loss or Inclusion or (c) the amount of any payment required to be made hereunder by either Lessee or Lessor, such determination and such computation shall be made on the assumptions that (a) Lessor could have currently fully utilized (at the highest marginal corporate federal income tax rate in effect at the time such Loss or Inclusion shall enter into the Lessor's federal income tax computation (the "Tax Rate")) the deduction or other tax benefit or attribute that shall be the basis of the Loss, or, as the case may be, shall have suffered a full detriment (at the Tax Rate) with respect to the Inclusion, (b) the Lessor can currently fully utilize (at the Tax Rate) the deductions, inclusion, nontaxability, or other allowances attributable to tax benefits arising from any nontaxability, or other allowances attributable to tax benefits arising from any Loss or Inclusion (or payments to Lessee) and (c) the payment, receipt or accrual by Lessor of any such indemnity payment and of any interest on any refund of federal income tax to the extent includable in Lessor's gross income and/or the payment or accrual by Lessor to Lessee on account of any tax benefits arising from any Loss or Inclusion to the extent such payment or accrual is deductible by Lessor, will, as the case may be, currently be subject to or benefited by federal income tax at the Tax Rate.

All computations required to be made hereunder shall be made reasonably by Lessor, and the results of such computations, together with a statement describing in reasonable detail the manner in which such computations were made, shall be delivered to Lessee in writing. Within fifteen (15) days following Lessee's receipt of such computations, Lessee may request that an accounting firm (other than any accounting firm that regularly prepares Lessor's certified financial statements or that provides services to Lessor on an ongoing basis), such firm to be selected by Lessor and reasonably acceptable to Lessee, determine whether such computations of Lessor are mathematically accurate and based on reasonable assumptions. Such accounting firm shall be requested to make its determination within thirty (30) days. If such accounting firm shall determine that such computations are inaccurate or unreasonable, then such firm shall determine what it believes to be the appropriate computations. The computations of Lessor or the accounting firm selected as provided above, whichever is applicable, shall be final, binding and conclusive upon Lessee and Lessor and Lessee shall have no right to inspect the books, records, tax returns or other documents of or relating to Lessor to verify such

computations or for any other purpose. All fees and expenses payable to an accounting firm under this paragraph shall be borne solely by Lessee or, in the event that the computations of the accounting firm are applicable, then such fees and expenses shall be borne by Lessor.

(6) Right to Contest. In the event a "Claim" (as defined below) shall be made by the Internal Revenue Service, which, if successful, would result in a Loss or Inclusion under circumstances that would require Lessee to indemnify Lessor for such Loss or Inclusion, Lessor hereby agrees to take such action in connection with contesting such Claim as Lessee shall reasonably request in writing from time to time, provided that: (a) within sixty (60) days (or thirty (30) days if Lessor has received a 30-day letter from the Internal Revenue Service) after notice by Lessor to Lessee of such Claim, Lessee shall request that such Claim be contested; (b) Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service authorities in respect of such Claim and may, at its sole option, either contest the Claim in the United States Tax Court or pay the tax claimed and sue for a refund in the appropriate United States District Court and/or the United States Claims Court, considering, however, in good faith such request as Lessee shall make concerning the most appropriate manner in which to proceed; (c) prior to taking such action, Lessee shall have furnished Lessor with an opinion of independent tax counsel chosen by Lessee and reasonably acceptable to Lessor, to the effect that a reasonable basis exists for contesting the Claim; (d) prior to taking such action Lessee shall have agreed to reimburse Lessor, on demand, all costs and expenses that Lessor may incur in connection with contesting such Claim, including, without limitation, (A) reasonable attorneys' and accountants' fees and disbursements, and (B) the amount of any interest, penalties or additions to tax indemnified hereunder that may ultimately be payable to the United States Government as a result of contesting such Claim; and (e) within six (6) months after requesting Lessor to contest the Claim, Lessee shall have acknowledged its obligation to indemnify hereunder Lessor in the event Lessor does not prevail in such contest (provided, however, that notwithstanding such acknowledgment Lessee shall not be obligated to so indemnify Lessor to the extent the Final Determination (as hereinafter defined) clearly establishes that no Loss or Inclusion has occurred). In the event Lessor shall pay the tax claimed and then seek a refund, Lessor may either (a) require Lessee to advance funds sufficient to pay the tax that would be indemnified by Lessee hereunder if the Claim were resolved adversely to Lessor, in which case, to the extent the refund Claim is successful, such funds as are not required to be applied to an indemnity payable

hereunder, together with interest, if any, received from the taxing authority and attributable thereto, shall be refunded to Lessee within sixty (60) days, or (b) forego such an advance, in which case, if the Final Determination of such claim shall be adverse to Lessor, Lessee shall pay to Lessor interest at the rate from time to time applicable to deficiencies in such tax on the amount of tax paid attributable to the Loss or Inclusion computed from the date of payment of such tax to the date Lessee shall reimburse Lessor for the payment of such tax in accordance with the terms hereof. If any such Claim shall be made by the Internal Revenue Service and Lessee shall have requested Lessor to contest such Claim as above provided and shall have duly complied with all of the terms of this Section 20(6), Lessee's liability with respect to such Loss or Inclusion as a consequence of such Claim shall become fixed upon Final Determination of the liability of Lessor for the tax claimed and after giving effect to any refund obtained, together with interest thereon. In the case of any such Claim by the Internal Revenue Service referred to above, Lessor agrees to notify promptly Lessee in writing of such Claim and agrees not to make payment of the tax claimed for at least sixty (60) days (or 30 days if Lessor has received a 30-day letter from the Internal Revenue Service) after giving of such notice (provided, however, that Lessor may make payment within a shorter period if necessary to preserve Lessor's procedural remedies with respect to the Claim) and agrees to give to Lessee any information that is relevant and material to the contest of such claim to the extent such information is particularly within the knowledge of Lessor, including, but not limited to, copies of all Internal Revenue Service correspondence, examiner's reports and other Internal Revenue Service documents pertaining to the Claim and to cooperate in all other respects with Lessee in good faith in order to contest any such claim effectively. Lessee and its counsel shall maintain confidentiality with respect to all such information insofar as is possible, consistent with the conduct of a contest hereunder.

Lessee shall be entitled to appear in person or through its representatives and to participate in any administrative or judicial proceeding involving a Claim, provided that, in the opinion of Lessor's counsel, such appearance or participation does not adversely affect in any material respect any other interest of Lessor or any affiliate of Lessor in such proceeding, whether such interest is related or unrelated to this Lease. Lessor shall supply Lessee with such information requested by Lessee in writing that, in the opinion of Lessor's counsel, is necessary for Lessee to participate in any proceeding to the extent permitted hereunder.

Upon a prompt and timely request by Lessee, accompanied by an opinion of independent tax counsel chosen by Lessee and reasonably acceptable to Lessor to the effect that Lessor has a reasonable likelihood of success with respect to an appeal relating to the Claim, Lessor shall appeal any adverse judicial decision to the appropriate court.

For purposes of this Section 7, a "Claim" shall be deemed to be made by the Internal Revenue Service when Lessor receives any document, in proposed or final form, from the Internal Revenue Service indicating that the Internal Revenue Service opposed Lessor's treatment of an item.

For purposes of this Agreement, a "Final Determination" shall be deemed to occur with respect to a Loss or Inclusion when (a) there is a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final, i.e., all allowable appeals requested by the Lessee pursuant to this Section have been exhausted by either party to the action, (b) there is a closing agreement made under Section 7121 of the Code, or (c) the time for instituting a claim for refund has expired, or if a refund claim was filed, the time for instituting suit with respect thereto has expired.

Lessor shall lose its right to be indemnified hereunder if (i) Lessor fails to give Lessee prompt notice of a Claim and as a result of such failure Lessee is effectively precluded from exercising its rights to cause Lessor to contest such Claim, or (ii) Lessor shall enter into a settlement or compromise with the Internal Revenue Service with respect to, or otherwise concedes, any indemnified claim (other than an indemnified claim that Lessor is not required to contest hereunder) without the prior written consent of Lessee with respect to such settlement, compromise, or concession. Lessor may elect not to contest a Claim, in which case if Lessor is otherwise required to contest such Claim hereunder, it shall lose its right to be indemnified with respect to the Loss or Inclusion that is the subject of the Claim.

(7) Survival. All of the obligations of Lessee and Lessor accruing under this Agreement shall continue in full force and effect notwithstanding the expiration or other termination of the Lease.

(8) Recomputation of Casualty Values. If any amount is required to be paid hereunder by one party to another and shall actually be so paid, Lessor shall recompute Casualty Values on the basis of new assumptions (taking into account the circumstances giving rise to the Loss or Inclusion resulting in such payment or payments) with respect to the federal tax consequences of the transaction to Lessor and otherwise in accordance with the manner in which such Casualty Values were originally computed by Lessor. Lessor shall deliver the results of such recomputation to Lessee. The verification procedures set forth in Section 20(5) shall apply equally to the recomputation of Casualty Values hereunder. Such recomputed Casualty Values shall be substituted for the Casualty Values then appearing in the Lease and shall be set forth in a written agreement executed and delivered by Lessor and Lessee, but the failure to so set forth such recomputed Casualty Values shall not affect the validity of such recomputed Casualty Values for the purposes of the transaction; provided, however, that as a result of such recomputation none of such Casualty Values shall be decreased to an amount less than the amount sufficient to pay in full as of the date of payment hereof the aggregate unpaid principal amount of any note delivered in connection with the Security Agreement ("Note") then outstanding, and the accrued and unpaid interest thereon, together with the aggregate of all other amounts, if any, then due to the holder of any such Note. All fees and expenses payable to any accounting firm under this paragraph shall be borne solely by Lessee.

SECTION 21. Recording. Lessee shall at its expense promptly cause this Lease and the Security Agreement, and every other instrument in addition or supplementary thereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Title 49, Section 11303 of the United States Code, and Lessee shall at its expense promptly from time to time do and perform any other act and execute, acknowledge, deliver, file, register, record and deposit (and refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection, to the reasonable satisfaction of counsel for Lessor and Assignee, of Lessor's ownership interest and Assignee's security interest in the Equipment and the rights under this Lease or for the purpose of carrying out the intention of this Lease; and promptly after each such filing, upon request of Lessor and/or Assignee, Lessee shall provide an opinion or opinions of counsel for Lessee with respect thereto, in each case satisfactory to Lessor and/or Assignee.

SECTION 22. Survival of Covenants. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 4, 6, 14, 15, 16, 17 and 18 hereof shall survive the expiration or termination hereof.

SECTION 23. Notices. Any notice permitted or required to be given by either party hereto to the other shall be deemed to have been given when personally delivered or delivered to a United States post office first-class postage prepaid or to a telegraph office addressed as follows:

If to the Lessor: CIS Corporation
909 Montgomery Street, 3rd Floor
San Francisco, CA 94133

Attention: Mr. Stephen C. Bieneman

If to Lessee: Burlington Northern Railroad Company
~~777 Main Street~~ 9401 INDIAN CREEK PARKWAY
~~Fort Worth, Texas 76102~~ P. O. BOX 29136
[Signature] OVERLAND PARK, KANSAS 66201-9136
Attention: VICE PRESIDENT TRANSPORTATION

or addressed to either party at such other addresses as such party shall hereafter furnish to the other party in writing. Any notice hereunder to any assignee of Lessor or of Lessee shall be deemed to be properly served if delivered or mailed certified or registered mail, return receipt requested, to such assignee at such address as may have been furnished in writing to Lessor or Lessee, as the case may be, by such assignee. A duplicate copy of any notice required or permitted to be delivered hereunder shall be given to any Assignee.

SECTION 24. Section Headings. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

SECTION 25. Law Governing. This Lease and all rights and obligations hereunder shall be governed and construed in accordance with the law of the State of Texas; provided, however, that any remedies herein provided which shall be valid under the law of the jurisdiction where proceedings for the enforcement hereof shall be taken shall not be affected by any invalidity thereof under the law of the State of California.

SECTION 26. Successors and Assigns. Subject to the provisions of Section 16 hereof, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee, and their respective successors and assigns.

SECTION 27. Certain Applicable Laws. Any provision of this Lease which is prohibited or unenforceable under the applicable law of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Where, however, the provisions of any such applicable law may be waived, they are hereby waived to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid and binding agreement enforceable in accordance with its terms.

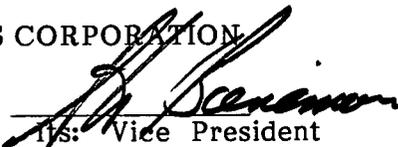
SECTION 28. Modification. No variation of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of Lessor and Lessee.

SECTION 29. Definitions. If and so long as this Lease is assigned to the Assignee (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall also apply and refer to the Assignee and any successors thereto unless the context shall otherwise require and except that the Assignee shall not be subject to any liabilities or obligations under this Lease; and the fact that the Assignee is specifically named in certain provisions shall not be construed to mean that the Assignee (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named or where only the Assignee, as the case may be, is named.

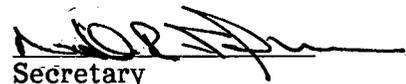
SECTION 30. Execution. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart; provided, however, that only the counterpart of this Lease marked "Secured Party's Original" shall be deemed to constitute the only original of this Lease constituting "chattel paper" for purposes of the Uniform Commercial Code as in effect in any jurisdiction, all other counterparts being deemed duplicates hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed as of the day, month and year first above written.

CIS CORPORATION

By: 
Its: Vice President

Attest:


Asst. Secretary

BURLINGTON NORTHERN RAILROAD COMPANY

By: 
Its: Vice President

Attest:

Secretary

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

On this 11th day of May, 1987, before me, Lisa Marie Hough, a Notary Public of said State, duly commissioned and sworn, personally appeared Stephen C. Bieneman, to me personally known, who by me being duly sworn, says that he is Vice President of CIS Corporation, a New York corporation, and that the foregoing instrument was signed and sealed on behalf of said corporation for the purposes and consideration therein expressed, and as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



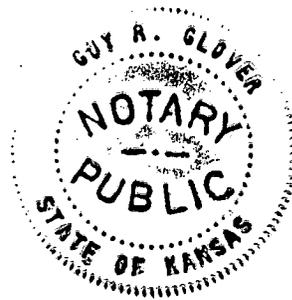
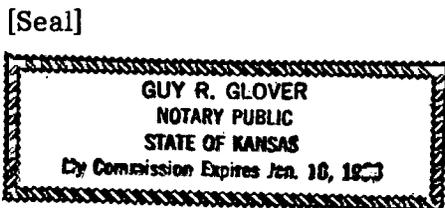
Lisa Marie Hough
Notary Public

STATE OF TEXAS)
) SS.:
COUNTY OF TARRANT)

On this 13th day of May, 1987, before me, Guy R. Glover, a Notary Public of said State, duly commissioned and sworn, on this day personally appeared Joseph R. Galassi known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be a Executive Vice President of Burlington Northern Railroad Company, a Delaware corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Guy R. Glover
Notary Public



SCHEDULE A
EQUIPMENT DESCRIPTION

<u>Type</u>	<u>Rebuilder</u>	<u>Specifi- cations</u>	<u>Rebuilder's Plant</u>	<u>Quantity</u>	<u>Lessee Numbers (Both Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
Rebuilt Insulated XP Boxcars	Evans Railcar Company	See Schedule D	Junction City, Kansas	Not to exceed 65	SEE THE TRANSMITTAL LETTER FOR THE 59 NUMBERS	

SCHEDULE B

OPTION PRICES

1. Renewal Term Rental. Rental shall be an amount equal to the Fair Rental Value determined as set forth below.

Fair Rental Value shall be determined on the basis of and shall be equal to the rental which would obtain in an arm's length transaction between an informed and willing lessee-user (specifically excluding a used equipment dealer) and an informed and willing lessor under no compulsion to lease and on the assumption that the Equipment will, at the end of the Lease term, be free and clear of all liens and encumbrances, and in the condition as would be required upon return pursuant to Section 19 of the Lease; and in such determination, costs of removal from the location of current use shall not be a deduction from such value. If Lessor and Lessee are unable to agree upon a determination of the Fair Rental Value of the Equipment within twenty (20) days after any notice of exercise pursuant to Section 20 of the Lease has been received by Lessor, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser as Lessor and Lessee may mutually agree upon, or failing such agreement, the American Appraisal Company, Milwaukee, Wisconsin, or its successors. The appraiser shall be furnished with a copy of the Lease and be instructed to make such determination on the basis set forth herein within a period of ninety (90) days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The expenses and fees of the appraiser shall be borne by the party whose written proposal containing a Fair Rental Value offer varied the most from the determination of Fair Rental Value by such appraiser, provided that if only one party makes a written offer, such expenses and fees shall be borne by the other party.

2. Purchase Option. Pursuant to and subject to Section 19 of the Lease, at the end of the Renewal Term, Lessee shall have the right to exercise a purchase option for the purchase of all of the Equipment for the Fair Market Value determined as set forth below.

Fair Market Value shall be determined on the basis of and shall be equal to the price which would obtain in an arm's length transaction between an informed and willing buyer (specifically excluding a used equipment dealer) and an informed and willing seller, under no compulsion to sell and on the assumption that the Equipment will, at the end of the Lease term, be free and clear of all liens and encumbrances, and be in the condition as would be required upon its return pursuant to Section 18 of the Lease; and in such determination, costs of removal from the location of current use shall not be a deduction from such value. If Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of the Equipment within twenty (20) days after any such notice of exercise has been received by Lessor, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser as Lessor and Lessee may mutually agree upon, or failing such agreement, the American Appraisal Company, Milwaukee, Wisconsin, or its successors. The appraiser shall be furnished with a copy of the Lease and be instructed to make such determination on the basis set forth herein within a period of ninety (90) days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The expenses and fees of the appraiser shall be borne by the party whose written proposal containing a Fair Market Value offer varied the most from the determination of Fair Market Value by such appraiser, provided that if only one party makes a written offer, such expenses and fees shall be borne by the other party.

SCHEDULE C

CASUALTY VALUES

(Assuming March 1, 1987 Commencement Date)

SCHEDULE C

CASUALTY VALUES

(Assuming March 1, 1987 Commencement Date)

SCHEDULE C

CASUALTY VALUES

(Assuming March 1, 1987 Commencement Date)

SCHEDULE D

GENERAL SPECIFICATIONS FOR BOXCARS
IN ADOLPH COORS COMPANY SERVICE

NUMBER 171-1

EFFECTIVE DATE

PAGE

1

OF

8

PREPARED BY

Don Lockwood

ACCREDITED DIVISION

SCOPE:

This specification describes the dimensional, material, construction and assembly requirements for boxcars used by Adolph Coors Company for the transport of packaged beer.

OBJECTIVE:

To establish uniformity in the configuration and capability of this item.

REFERENCES:

- a. AAR Manual of Standards and Recommended Practices and Plate "C" dimensions.
- b. Equipment Specialties Division, Unarco Industries, Inc.
- c. AAR Specifications for Design, Fabrication and Construction of Freight Cars, Sec. 4.1.15.
- d. Hansen Manufacturing Company, Cleveland, Ohio.

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DATE

Joe Rogow

DATE

4/6/79

VICE PRESIDENT QUALITY ASSURANCE AND I.S.D.

AUTHORIZED DESIGNEES FOR APPROVAL

DATE

DATE

QUALITY ASSURANCE DIRECTOR

M. Kurlander

M. KURLANDER

DATE

4/11/79

AFFECTED DEPT. MANAGER

L. BONNER

PLANT AND DEVELOPMENT DIRECTOR

J. R. WILSON

AFFECTED DEPT. DIRECTOR

TOM SUND

QUALITY CONTROL SERVICE CONTROL DIRECTOR

J. NICHOLS

AFFECTED DEPT. VICE PRESIDENT

J. WILDMAN

PLANT EQUIPMENT

J. DEVORE

VEHICLE

SCHEDULE E

CERTIFICATE OF ACCEPTANCE

To: CIS CORPORATION and ITEL RAIL CORPORATION

I, a duly appointed inspector and authorized representative of Burlington Northern Railroad Company (the "Lessee"), do hereby certify that I have inspected, received, approved and accepted delivery of on behalf of the Lessee, the following units of railroad equipment:

Type of Cars:

Place Accepted:

Date Accepted:

Number of Units:

Numbered:

I do further certify that the foregoing units are in good order and condition and conform to the Specifications (as defined in the Lease dated as of _____, 1987, between CIS Corporation and Lessee).

In addition, I further certify that there was plainly, distinctly, permanently and conspicuously placed, in letters not less than one inch in height, the following legend on each unit:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COMMISSION"

Inspector and Authorized Representative of
BURLINGTON NORTHERN RAILROAD COMPANY

Dated: _____, 1987