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13387
RECORDATION NO. ..... FILED 1425

DEC 29 1981 -2 45 PM

INTERSTATE COMMERCE COMMISSION

December 23, 1981

1-363A144
No.

Date ....DEC.29.1981...

Fee $ ....50.00.....

ICC Washington, D. C.

Ms. Agatha Mergenovich
Secretary
Interstate Commerce Commission
12th and Constitution Avenue
Washington, D.C. 20423

Dear Secretary Mergenovich:

Enclosed please find an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This primary document is a lease for the rental of refrigerated boxcars, dated as of November 1, 1981 between MIDKIFF ASSOCIATES, an Oregon limited partnership, as Lessor, and RAILAMERICA, LTD., a New York corporation, as Lessee. The addresses of the parties to the document are as follows:

LESSOR: MIDKIFF ASSOCIATES
c/o Frank Dunn and Donald Davis
1985 S.W. Sixth Avenue
Portland, Oregon 97201

LESSEE: RAILAMERICA, LTD.
230 Park Avenue
Suite 2500
New York, New York 10169

A description of the equipment covered by the document follows:

Number of Cars	Type and Description	Approximate Capacity
110	60' 6" 50-ton refrigerated boxcars	4,392 cu. ft.

The 110 refrigerated boxcars are to be selected from a group of railcars marked in series MHLX 80000 through 80509 and/or series 60000 through 60699.

A fee of $50.00 is enclosed. Please return the original to:

William J. Cronin, Esq.
Huber Magill Lawrence & Farrell
99 Park Avenue
New York, New York 10016

A short summary of the document to appear in the index follows:

"This primary document is a lease dated as of November 1, 1981 between MIDKIFF ASSOCIATES, an Oregon limited partnership, as Lessor, and RAILAMERICA, LTD., a New York corporation, for the rental of 110 refrigerated boxcars for a minimum of 150 months. These boxcars, 60' 6" in length and weighing approximately 50 tons each, are to be selected from a group of railcars marked in series MHLX 80000 through 80509 and/or series 60000 through 60699."

Thank you for your help in this matter.

Very truly yours,

William J. Cronin
Attorney for MIDKIFF ASSOCIATES

Enclos.

Interstate Commerce Commission

Washington, D.C. 20423

12/30/81

OFFICE OF THE SECRETARY

William J. Cronin, Esq.
Huber Magill Lawrence &
Farrell
99 Park Avenue
New York, N.Y. 10016

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/29/81 at & 2:45pm and assigned re-recordation number(s). 13387 & 13388

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13387
RECORDATION NO. Filed 1425
DEC 29 1981 -2 45 PM
INTERSTATE COMMERCE COMMISSION

LEASE

between

MIDKIFF ASSOCIATES

and

RAILAMERICA, LTD.

Dated as of November 1, 1981

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303 on _____, 1981 at _____, recordation number.

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LEASE dated as of November 1, 1981 between MIDKIFF ASSOCIATES, an Oregon limited partnership, as Lessor ("Lessor"), and RAILAMERICA, LTD., a New York corporation, as Lessee ("Lessee").

Lessor and Lessee agree as follows:

1. DEFINITIONS. The terms used herein which are not defined herein shall, unless the context otherwise requires, have the meanings attributed to them in standard American English.

2. LEASE AND DELIVERY. (a) Demise. Subject to the terms and conditions of this Lease, Lessor leases to Lessee and Lessee leases from Lessor the Items delivered and accepted in accordance with Schedule A.

(b) Delivery and Acceptance. Upon delivery of each Item by Lessor at the place designated in the applicable Annex, Lessee shall cause an inspector designated and authorized by Lessee to inspect the same, and, if such Item is found to be acceptable, to accept delivery of such Item and to execute and deliver a Certificate of Acceptance with respect to such Item, whereupon such Item shall be subject to the terms and conditions of this Lease. The execution and delivery of a Certificate of Acceptance with respect to each Item shall conclusively establish that, as between Lessor and Lessee only, such Item is acceptable to Lessee, and that such Item is in good order and condition and conforms to the specifications applicable thereto and to all Railcar Requirements.

(End of Section)

3. TERM AND RENT. (a) Term. The term of this Lease as to any Item shall begin on the date of acceptance set forth in the Certificate of Acceptance executed and delivered with respect thereto, and shall end on the Expiration Date as shown in the applicable Annex.

(b) Basic Rent. Lessee shall pay to Lessor the following rent ("Basic Rent") for each Item:

Per Schedule A attached hereto

(c) Method of Payment. All payments to be made to Lessor under this Lease shall, except as provided in Section 18, be paid at such address as Lessor may direct by notice to Lessee. Any payment due on a date which is not a Business Day, shall be payable on the next succeeding Business Day.

(d) Net Lease. This Lease is a net lease and Lessee's obligation to make payments hereunder shall be absolute, unconditional and not subject to Abatement for any reason whatsoever, including (a) Abatements due to any present or future claims of Lessee against Lessor (whether or not relating to this Lease), any Assignee or Manufacturer, (b) any defect in or failure of title of Lessor to the Equipment, (c) any defect or damage to, or any loss of destruction of, any Item from any cause whatsoever, (d) the interference with the use of the Equipment by any Person, (e) the invalidity or unenforceability of one or more provisions of this Lease, (f) the lack of right, power or authority of Lessor to enter into this Lease, or (g) any other cause, whether similar or dissimilar to the foregoing, any present or future Law to the contrary notwithstanding. It is the express intention of Lessor and Lessee that all sums payable by Lessee hereunder shall be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

(e) Survival. Lessee's obligations under this Section 3 shall survive the expiration or termination of this Lease.

(End of Section)

4. WARRANTIES OF AND DISCLAIMER OF WARRANTIES BY LESSOR.

(a) Disclaimer. LESSOR DISCLAIMS ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO (i) THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, (iii) THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF THE PURCHASE ORDER, OR (iv) EXCEPT AS PROVIDED IN SECTION 4(b), LESSOR'S TITLE TO THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT); IT BEING EXPRESSLY AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. Lessor hereby authorizes Lessee, at Lessee's expense, to assert for Lessor's account, during the term of this Lease, so long as no Event of Default shall be continuing, all of Lessor's rights under any applicable warranty of Manufacturer and Lessor shall cooperate with Lessee in asserting such rights.

(b) Quiet Enjoyment. Lessor warrants for the term of this Lease that if no Event of Default has occurred, Lessee's use of the Equipment shall not be interrupted by Lessor or anyone claiming through or under Lessor.

(End of Section)

5. LIENS AND CLAIMS. (a) Liens. Lessee shall not create or suffer to exist, and shall discharge promptly at its own expense, any Liens on or with respect to the Equipment, except (i) the respective rights of Lessor and Lessee as herein provided, (ii) Lessor's Liens, (iii) Liens arising out of claims either not yet due or being contested in accordance with Section 17, (iv) non-delinquent and inchoate materialmen's, mechanics', workers', repairers', employees' or other similar Liens arising in the ordinary course of business of Lessee, and (v) Liens granted by Lessor to any Assignee.

(b) Claims. Lessee shall, before they become delinquent, pay all claims which, if unpaid, might become Liens prohibited by Section 5(a).

(End of Section)

6. IMPOSITIONS. (a) Scope. Except as provided in Section 6(b), Lessee shall pay all Impositions imposed upon Lessor, Lessee or the Equipment (i) in connection with the sale, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition of the Equipment, (ii) measured by the rentals, receipts or earnings arising from the Equipment, or (iii) otherwise arising out of the transactions contemplated by this Lease. Lessee's obligations with respect to Impositions attributable to the term of this Lease shall survive the termination of this Lease. Lessor shall promptly notify Lessee of any claim for any Imposition for which Lessee is liable hereunder and Lessee shall pay the same on demand.

(b) Exceptions. Lessee shall not be required to pay any Imposition pursuant to Section 6(a), (i) arising from the transfer by Lessor of its interest in this Lease, (ii) resulting directly from an act or omission by Lessor not contemplated by this Lease, or (iii) to the extent that Lessee shall be contesting such Imposition in accordance with Section 17.

(c) Reports. If any report or return is required to be made with respect to any Imposition for which Lessee is liable under this Section 6, Lessee shall notify Lessor of such requirement and shall either (i) prepare and file such report or return in such manner as will show Lessor to be the owner of such Equipment and send a copy of such report of return to Lessor, or (ii) if Lessee shall not be permitted to file such report or return, prepare the same in such manner as shall be satisfactory to Lessor and deliver the same to Lessor within a reasonable period prior to the date the same is to be filed. Lessor shall cooperate fully with Lessee in the preparation of any such report or return.

(End of Section)

7. USE AND MAINTENANCE. (a) Railcar Requirements. Lessee shall comply with all Railcar Requirements with respect to the use and maintenance of the Equipment.

(b) Alterations. Lessee shall make such Alterations, at its own expense, to any equipment or appliance on any Item as is required in order to comply with Railcar Requirements. Title to any such Alterations which are readily removable without causing material damage to the Equipment ("Removable Alterations") shall remain the property of the Lessee; title to all other Alterations ("Permanent Alterations") shall be immediately vested in Lessor. Lessee shall, within 30 days after the close of any calendar quarter in which Lessee has made Permanent Alterations, give notice thereof to Lessor describing, in reasonable detail, such Permanent Alterations and specifying the cost thereof with respect to each Item and the date or dates when made. Lessee shall, prior to the return of any Item to Lessor hereunder, remove all Removable Alterations therefrom at its own expense without causing material damage to such Item. Except as required by this Section 7(b), Lessee shall not make any Permanent Alteration without the prior approval of Lessor and any Assignee, which approval shall not be unreasonably withheld.

(c) Geographic Limitations. Lessee shall cause the Equipment to remain within the continental United States at all times.

(d) Maintenance. Lessee shall use the Equipment solely in the conduct of its business and in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. Lessee shall, at its own expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules.

(e) Mileage. Lessee shall, to the extent permitted by law, retain all Mileage payable to it by carriers for the use of the Equipment, except (i) if an Event of Default shall be continuing, in which event such mileage or portion thereof shall be retained by Lessor until such Event of Default shall no longer be continuing, or (ii) as otherwise provided in Section 14(b).

(f) Equipment Markings. Lessee shall, at its own expense, (i) cause each Item to bear its road mark specified in the Certificate of Acceptance therefor and (ii) maintain the Equipment Marking on each side of each Item in letters not less than one inch in height and such other markings as from to time to time may be reqired by law or otherwise deemed necessary by Lessor or any Assignee to protect the interests of Lessor and any Asignee in such Item, the rights of Lessor under this Lease and the Lien granted by Lessor in financing the Equipment. Lessee shall not operate or exercise any control or dominion over any Item until such Equipment Marking has been placed thereon. Lessee shall promptly replace any such Equipment Marking which may be removed, defaced or destroyed.

Lessee shall not allow the name of any person, association or corporation to be placed on any Item as a designation that might be interpreted as a claim of ownership, except an insignia customarily used by Lessee or its affiliates on transportation equipment.

(g) Payment by Lessor. Notwithstanding the provisions of parapraghs (b) and (d) of this Section 7, Lessor agrees to pay Lessee a total of $2,000 per Item which Lessee represents and warrants will be used for certain maintenance and repair expenses to be performed on the Items during calendar year 1981. The amount due hereunder, together with the amount due pursuant to Section 7(g) of the Lease Agreement between Lessor and Lessee dated as of August 31, 1981, is to be paid in two installments with the first installment of $210,000 due upon execution and delivery of this lease and the balance of $110,000 on ~~March~~ April 1, 1982.

(End of Section)

8. CASUALTIES AND REQUISITIONS. (a) Events of Loss. Lessee shall promptly report to Lessor any Event of Loss to an Item occurring during the term of this Lease or thereafter while such Item is in Lessee's possession pursuant to Section 14. On the Basic Rent Date next following the date of such Event of Loss, Lessee shall pay to Lessor the Loss Amount of such Item, determined as of such Basic Rent Date, together with any unpaid Rent due on or prior to such date, whereupon Lessee's obligation to pay further Rent for such Item shall cease, but Lessee's obligation to pay Rent for all other Items shall remain unchanged. Except in the case of loss, theft, destruction, Lessor shall be entitled to recover possession of such Item, unless possession of such Item is required to be delivered to an insurance carrier in order to settle an insurance claim arising out of Event of Loss. Lessor shall be entitled to retain any salvage value collected by such insurance carrier in excess of the amount paid to Lessor by such insurance carrier. Lessor shall be under no duty to Lessee to pursue any claim against any governmental authority, but Lessee may at its own expense pursue the same on behalf of Lessor in such manner as may be satisfactory to Lessor.

(b) Disposition of Equipment. Following payment of the Loss Amount of an Item, Lessee shall, as agent for Lessor, dispose of such Item as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. In disposing of such Item, Lessee shall take such action as Lessor shall reasonably request to terminate any contingent liability which Lessor might have arising after such disposition from or connected with such Item.

(c) Risk of Loss. Except as otherwise provided in this Section 8, Lessee shall bear the risk of loss with respect to the Equipment and shall not be released from its obligations in the event of any damage or Event of Loss to any Item after delivery to and acceptance by Lessee.

(d) Certain Requisitions. In the case of a Requisition of any Item for an indefinite period or for a stated period which does not exceed the term of this Lease, this Lease shall not terminate with respect to such Item, and all obligations of Lessee with respect thereto shall remain in full force and effect. So long as no Event of Default shall be continuing under this Lease, Lessee shall be entitled to all sums received by reason of any such Requisition during such period.

(End of Section)

9. INSURANCE. (a) Coverage. Lessee shall, at its own expense, during the term of this Lease and during any storage period hereunder, insure the Equipment against (i) physical loss or damage for the full insurable value (i.e., actual replacement value less actual physical depreciation) thereof, but in no event less than the Loss Amount which would then be payable in respect of an Event of Loss thereof, with a deductible of not more than $10,000 per Item and $100,000 per occurrence, and (ii) general public liability for death or bodily injury and damage to property of others, in an amount of not less than $25,000,000 for death or bodily injury and $500,000 for property damage, with deductibles of not more than $100,000 per occurrence. Lessee shall have the right to insure the Equipment, for its own account, for the amount by which its Fair Market Value exceeds the coverage required hereunder.

(b) Contents of Policies. All insurance policies required hereunder shall (i) be issued by insurance carriers of recognized responsibility, (ii) cover the interests of Lessee, Lessor and any Assignee and protect Lessee, Lessor and any Assignee in respect of risks arising out of the condition, maintenance, use ownership and operation of the Equipment, (iii) provide that the insurance carrier give at least 30 days' prior notice to Lessor and to any Assignee in the event of cancellation or material alteration in coverage, (iv) provide, as to such physical damage insurance, that the losses, if any, shall be payable to Secured Party under a standard mortgage loss payable clause (or, if there shall be no Assignee, that such losses shall be payable to Lessor), (v) provide that insurance as to the interest of any Assignee shall not be invalidated by any act or neglect of Lessee or Lessor or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest or by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policies, (vi) provide that insurance as to the interest of Lessor shall not be invalidated by any act or neglect of Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein or with respect thereto, so long as such foreclosure is not caused by an wrongful act of Lessor, (vii) provide that losses payable thereunder shall be adjusted only with the approval of Lessee, Lessor and any Assignee, (viii) not require co-insurance, and (ix) contain an endorsement by which the insurer waives any right of recovery or subrogation against any named insured for loss or damage to the Equipment.

(c) Proceeds; Evidence. The proceeds of any physical damage insurance received by Lessor or any Assignee shall be paid to Lessee: (i) in the case of an Event of Loss with respect to any Item, upon payment by Lessee of the Loss Amount of such Item, or (ii) upon the loss, damage or destruction of any Item which does not constitute an Event of Loss, upon the receipt from Lessee of a certificate to the effect that such Item has been repaired, restored or replaced, as the case may be (which certificate shall be accompanies by satisfactory evidence of such repair, restoration or replacement), provided that so long as any Default or Event of Default

shall be continuing hereunder, Lessor or any Assignee shall be entitled to apply such proceeds against Lessee's liability hereundder. Lessee shall furnish Lessor and any Assignee with certificates or other evidence of compliance with this Section 9 as may reasonably be requested.

(d) Additional Insurance. In addition to the insurance requirements provided for above, Lessee shall, for a period of 5 years following December 31, 1981 carry comprehensive general liability insurance, including contractual liability insurance covering manufacture, ownership, modification maintenance, use and operation of the Items and the indemnification of General American Transportation Corporation (GATC) against liability arising therefrom, in a minimum amount of $1,000,000 per occurrence, $10,000,000 annual aggregate for bodily injury or death to person or persons and property damage naming as insureds, as their interests may appear, GATX Corporation, GATC, Delta Railcar Corporation, Computer Systems Consultants, Inc. and Lessor. The policy or policies shall contain the following endorsement:

> "Notwithstanding anything contained therein to the contrary, policies hereinabove referred to are extended to specifically insure the liability assumed by Delta Railcar Corporation under an Agreement entered into with General American Transportation Corporation dated as of November 1, 1981, covering the sale of railroad refrigerated freight cars."

and shall provide for not less than 30 days written notice to GATC prior to cancellation, reduction of the limits of liability or material amendment.

(End of Section)

10. GENERAL INDEMNITY. (a) Scope. Lessee shall indemnify, protect and hold Lessor and any Assignee harmless from and against any and all Demands arising out of or relating to the execution, performance or enforcement of any of the Operative Documents, or the ownership, operation, use, maintenance, manufacture, purchase, acceptance, rejection, delivery, lease, sublease, possession, condition, registration, sale, return, storage or disposition of any Item or any accident in connection therewith (including, without limitation, latent and other defects and any Demand for patent, trademark or copyright infringement), except, in each case, as provided in Section 10(b). Lessee shall be subrogated, to the extent of any indemnity paid by it pursuant to this Section 10, to the rights of Lessor or any Assignee with respect to the transaction or event giving rise to such indemnity.

(b) Exceptions. Lessee shall not be required to indemnify any Person pursuant to Section 10(a) for (i) any Demand in respect of any Item arising from acts or events which occur after possession of such Item has been returned to Lessor pursuant to Section 14(a), (ii) any Demand resulting from the wilful misconduct or gross negligence of such Person, provided that the wilful misconduct or gross negligence of Lessor shall not affect the rights of any Assignee, (iii) expenses expressly agreed to be borne by such Person pursuant to the Operative Documents, (iv) amounts resulting from the breach of any representation, warranty or covenant of such Person made to or for the benefit of Lessee under the Operative Documents, (v) any compensation paid to any employees of such Person or any affiliate thereof, or (vi) amounts payable in respect of any claim, lien or charge (other than Permitted Encumbrances) asserted against or levied or imposed upon the Equipment or the rents payable hereunder, which arise by virtue of claims against, through or under Lessor.

(c) Disclaimer. Lessor shall not be liable to Lessee or any other Person for any Demand caused directly or indirectly by any Item or by any inadequacy thereof for any purpose or any deficiency or defect therein or the use or maintenance thereof or any improvements, replacements, repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business, all of which shall be the risk and responsibility of Lessee.

(d) Notice of Demand. If any indemnitee has actual knowledge of a Demand or a potential Demand that would be indemnified against under Section 10(a), such indemnitee shall give prompt notice thereof to Lessee. Upon receipt of such notice, Lessee shall assume full responsibility for the defense against or settlement of any such Demand, and such indemnitee shall cooperate with Lessee by providing, at the expense of Lessee, such assistance as Lessee may reasonably request, provided that such indemnitee shall have the right to control the defense against or settlement of such Demand if such indemnitee shall release Lessee from any obligation to indemnify such indemnitee (or any other indemnitee) for such Demand.

(e) Payment. Lessee shall not be required to make any payment pursuant to this Section 10 until the indemnitee shall have in good faith made or be obligated to make a payment in respect of the Demand indemnified against hereunder or a final judgment of a court or other competent tribunal shall have been entered to the effect that such indemnitee is obligated to make payment. After payment by Lessee pursuant to this Section 10, the indemnitee shall promptly assign to Lessee all its right, title and interest to any claims relating to such Demand, provided that such assignment shall be made without representation, warranty or recourse, and be subject to the prior repayment of amounts payable under the Notes when and as due.

(f) Survival. The indemnities of Lessee under this Section 10 shall survive the expiration of this Lease.

(End of Section)

11. ASSIGNMENT AND SUBLEASE. Lessee may, without the prior consent of each Person sublet or otherwise relinquish possession of any of the Equipment (except by way of interchange in the normal course of its business) or assign any of its rights hereunder.

(End of Section)

(This Section Intentionally Omitted)

13. LESSEE'S OPTIONS. (a) Renewal Option. If this Lease has not been terminated and no Default or Event of Default is continuing, Lessee may, at its option, extend the term of this Lease with respect to all (but not less than all) the Equipment for one renewal term of five years (the "Renewal Term"), commencing on the day following the last day of the Basic Term, on the same terms applicable to the Basic Term, except as follows:

(i) Lessee shall pay rent during the Renewal Term at the Fair Rental Value of the Equipment, determined as of the Expiration Date, payable on the same calendar dates as Basic Rent.

(b) Notice of Exercise. Lessee shall give Lessor notice of its election of its option described in this Section 13 at least 180 days prior to the Expiration Date.

(c) Determination of Amounts; Appraisal. Promptly after Lessee shall give a notice pursuant to Section 13(b), Lessee and Lessor shall consult with a view toward agreeing upon the determination of the Fair Rental Value and/or Fair Market Value of the Equipment, as the case may be. If, on or before 120 days prior to such Expiration Date, Lessor and Lessee are unable to agree upon such determination, such amount or amounts shall be determined in accordance with their respective definitions contained in Section 1 by an independent appraiser, who shall be chosen by Lessee (by notice to Lessor) and subject to approval by Lessor. If Lessor does not approve Lessee's choice within 15 days after Lessee shall have notified Lessor of Lessee's choice, such determination shall be made by a panel of three appraisers, the first chosen by Lessee (who, unless Lessee shall choose a different appraiser, shall be the appraiser originally chosen by Lessee), the second chosen by Lessor and the third chosen by the first two appraisers. If Lessor shall fail to choose the second appraiser within said 15-day period, the second and third appraisers shall be chosen by the American Arbitration Association. Such appraisal shall be made within 30 days of the appointment of the appraiser or panel of appraisers. Each such appraisal shall be conducted at Lessee's expense and shall be binding and conclusive on Lessor and Lessee.

(End of Section)

14. RETURN OF EQUIPMENT. (a) Return Procedures. On or prior to the Return Date, Lessee, at its own expense and risk, shall return the Equipment, in the condition required by Section 7, to such storage tracks as Lessor may designate, within a radius of 500 miles of the point of delivery. In addition, Lessee, at its own expense and risk, shall (i) provide storage of the Equipment on the storage tracks designated by Lessor, without charge for insurance, rent or storage until the earlier of (A) the sale, leasing or other disposition of the Equipment by Lessor, or (B) 120 days following the Return Date, and (ii) transport the Equipment within such storage period to any connecting carrier for shipment, all as directed by Lessor. Lessee's obligations under Sections 7 and 9 hereunder shall survive the Return Date to the extent of such storage period.

(b) Rent Subsequent to Return Date. Lessee shall pay to Lessor on demand, for each Item not assembled, delivered and stored as herein provided, rent in an amount equal to the Fair Rental Value of the Item determined as of the Return Date and in the manner provided for appraisal arrangements specified in Section 13(c). In addition, for each Item not assembled, delivered and stored as herein provided within 30 days after the Return Date, Lessee shall pay to Lessor on demand a premium of 10% on the rent due hereunder. Lessor shall be entitled to receive all amounts earned in respect of the Equipment after the Return Date, provided that Lessor shall credit to Lessee all amounts so received against the rent due hereunder.

(c) Specific Performance. Lessee's covenants to assemble, deliver, store and transport the Equipment as provided herein are of the essence of this Lease. 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 such covenants.

(d) Lessor Authorized to Take Possession. Without limiting the obligation of Lessee under the foregoing provisions of this Section 14, upon the termination of this Lease pursuant to Section 16, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Items to Lessor, to demand and take possession of such Item in the name and on behalf of Lessee from any person which shall be at the time in possession of such Item.

(End of Section)

15. EVENTS OF DEFAULT. Each of the following events shall constitute an Event of Default hereunder:

(a) Lessee shall fail to make any payment of Rent or other payment within 10 days after the same shall become due.

(b) Lessee shall fail to perform or observe any of its other covenants, conditions or agreements under any Operative Document to which it is a party, and such failure shall continue for 30 days after notice thereof from Lessor to Lessee.

(c) Any representation or warranty made by Lessee in any Operative Document to which it is a party, or in any document or certificate furnished to Lessor in connection therewith, shall prove to have been incorrect in any material respect when made or given.

(d) The insurance required by Section 9 shall lapse (it being agreed that any other failure of such insurance to comply with Section 9 may be the basis of an Event of Default under Section 15(b)).

(e) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of Lessee in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Lessee or for any substantial part of its property, or order the winding-up or liquidation of its affairs; and such decree or order shall continue unstayed and in effect for a period of 60 consecutive days.

(f) Lessee shall commence a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Lessee or for any substantial part of its property, or make any assignment for the benefit of creditors, or fail generally to pay its debts as such debts become due, or take corporate action in furtherance of any of the foregoing.

(g) Lessee shall fail to make any payment or payments due on any Debt (other than this Lease) aggregating at least $100,000; or fail to perform or observe any provision contained in any instrument evidencing such Debt or in any agreement securing or relating to such Debt, and the effect of such failure is to cause or permit the holder of such Debt (or a trustee or agent on behalf of such holder) to cause, such Debt or any part thereof to become due prior to its stated maturity, provided that any such failure which has been duly and properly waived in accordance with any instrument evidencing such Debt or any agreement securing or relating to such Debt, shall not constitute an Event of Default.

(h) Lessee shall remove, transfer, encumber, part with possession of or sublet any Item, except as expressly permitted by the provisions of this Lease.

(i) A final judgment or judgments of any court of courts for the payment of money shall be rendered against Lessee which aggregate in excess of $10,000, and the same shall remain undischarged for a period of 60 days during which execution of such judgment or judgments shall not be effectively stayed.

(End of Section)

16. REMEDIES. (a) Available Remedies. Upon the occurrence of any Event of Default, Lessor may declare this Lease to be in default by notice to Lessee, and at any time thereafter, Lessor may exercise one or more of the following remedies, as Lessor shall elect:

(i) Lessor may proceed by appropriate court of action, 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.

(ii) Lessor may terminate this Lease by notice to Lessee, whereupon all rights of Lessee to the use of the Equipment shall cease and terminate but Lessee shall remain liable as hereinafter provided; and thereupon Lessee, if so requested by Lessor, shall at its expense promptly return the Equipment in accordance with Section 14, or Lessor may enter the premises where the Equipment is located and take immediate possession of and remove the same by summary proceedings or otherwise. Lessor may sell or transfer any Item, or retain possession thereof. Lessee shall, without further demand, forthwith pay to Lessor any unpaid Rent due and payable for all periods up to and including the Termination Date. Rent for any number of days less than a full rent period shall be computed by multiplying the Rent for such full rent period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rent period. In addition, Lessor may recover from Lessee as liquidated damages, for loss of a bargain and not as a penalty, with respect to each Item, whichever of the following amounts Lessor, in its sole discretion, shall specify:

(A) the excess of the present worth, at the Termination Date, of all rentals for such Item which would otherwise have accrued hereunder from the Termination Date to the Expiration Date over the then present worth of the then Fair Rental Value of such Item for such period (such present worth to be computed at a discount rate of 12% per annum, compounded annually from the respective dates upon which rent would have been payable hereunder had this Lease not been terminated);

(B) the excess (if any) of the Loss Amount of such Item as of the Basic Rent Date on or immediately preceding the Termination Date over the Fair Market Value thereof at such time; or

(C) if Lessor shall have sold any Item, the excess (if any) of the Loss Amount of such Item as of the Basic Rent Date on or immediately preceding the Termination Date, over the net proceeds of such sale.

(b) Determination of Values. For purposes of Section 16(a), the Fair Rental Value and Fair Market Value of any Item shall be determined

in the manner provided for appraisal arrangements specified in Section 13(c), provided that any sale in a commercially reasonable manner of any Item prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

(c) Expenses. Lessee shall be liable for all costs, charges and expenses, including reasonable legal fees and disbursements, incurred by Lessor as a result of an Event of Default or the exercise of Lessor's remedies with respect thereto.

(d) Remedies Cumulative; Waiver. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity. No express or implied waiver by Lessor of any Default or Event of Default shall be a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lessor in exercising any rights granted it hereunder shall not constitute a waiver of any such right and any single or partial exercise of any particular right by Lessor shall not exhaust the same or constitute a waiver of any other right provided herein. To the extent permitted by law, Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies provided herein, and any existing or future claims to any offset against the Rent due hereunder, and shall make such payments regardless of any offset or claim which may be asserted by Lessee or on its behalf.

(End of Section)

17. PERMITTED CONTESTS. Lessee may contest by appropriate proceedings the amount, validity or application of any Imposition or any Lien on or with respect to the Equipment or any claim which, if unpaid, might become such a Lien, provided that (a) such proceedings shall suspend the collection thereof, (b) nonpayment thereof or the contest thereof does not adversely affect the title or rights of Lessor or any Lien granted by Lessor to any Assignee, (c) Lessee shall have furnished such security as may be required in such proceedings, and (d) Lessee shall give Lessor notice of any such proceedings within 10 days after the commencement thereof, and shall describe such proceedings in reasonable detail. Lessee shall conduct all such contests in good faith and with due diligence and shall, promptly after the determination of such contest, pay and discharge all amounts determined to be payable therein.

(End of Section)

18. ASSIGNMENTS BY LESSOR. (a) Right to Assign. This Lease and all sums due or to become due hereunder may be assigned in whole or in part by Lessor without the consent of Lessee, provided that (i) there shall be no more than one Assignee at any time, and (ii) Lessee shall be under no obligation to any Assignee except upon notice of such assignment from Lessor. Upon notice to Lessee of any such assignment, the sums payable by Lessee which are the subject matter of the assignment shall, except as provided in Section 18(b), be paid to or upon the written order of the Assignee.

(b) Acknowledgment of Assignment to Secured Party. Lessee hereby agrees that in the event Lessor notifies it of the assignment of sums due hereunder or this Lease to an institutional investor, Lessee will acknowledge in writing receipt of such notice and an executed counterpart of a security agreement and consent to the terms thereof pertaining to the payment of Basic Rent directly to such institution.

(c) Duties of Lessee to Assignee. The rights of Assignee having given notice pursuant to Section 18(a) shall not be subject to any Abatement whatsoever it being agreed that Lessee shall be unconditionally and absolutely obigated to pay such Assignee all of the sums which are the subject matter of the assignment. If a Default or Event of Default shall be continuing, such Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of Lessor for the use and benefit of such Assignee) which by the terms of this Lease are permitted or provided to be exercised by Lessor (except as provided in Section 18(d)).

(d) Rights Enforceable by Lessor. Notwithstanding the continuance of a Default or Event of Default, all rights, privileges and remedies of Lessor relating to amounts payable to Lessor pursuant to Sections 6, 9 (with respect to public liability insurance) and 10 shall remain enforceable by Lessor.

(e) Priority of Leasehold Interest. The right, title and interest of any such Assignee in, to and under this Lease and the Rents and other sums due and to become due hereunder shall be on the express terms granting and conveying the same and be subject to the interest of Lessee in and to the Equipment.

(f) Addresses.

LESSOR: MIDKIFF ASSOCIATES
c/o Frank Dunn and Donald Davis
1985 S.W. Sixth Avenue
Portland, Oregon 97201

Lessee: RAILAMERICA, LTD.
230 Park Avenue
New York, N.Y. 10169

(End of Section)

19. GENERAL MATTERS.

(a) Amendments and Waivers. This Lease may not be modified, amended or terminated nor may any obligation hereunder be waived, orally, and no such modification, amendment, termination or waiver shall be effective unless it is in writing signed by the party against whom enforcement thereof is sought and permitted by the Secuity Agreement.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the permitted successors and assigns of each of the parties hereto.

(c) Lessor's Right to Cure. Lessor may cure any Default or Event of Default hereunder, and the reasonable expenses of Lessor incurred in curing such Default or Event of Default, together with interest at the Penalty Interest Rate, shall be payable by Lessee upon demand by Lessor.

(d) Further Assurances. Lessee shall, from time to time, perform, at its own expense, any act required by law or reasonably requested by Lessor or any Assignee, necessary to protect Lessor's title to, or the security interest of such Assignee (subject to Permitted Encumbrances) in, any Item.

(e) Notices. All communications and notices shall be sent by ordinary mail to the addresses provided in Section 18 (f).

(f) Unenforceable Provisions. If any provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such provision shall not be affected thereby.

(g) Leasehold Interest Only. Nothing herein shall be construed as conveying to Lessee any right, title or interest in or to the Equipment, except its leasehold interest as Lessee.

(h) No Merger. There shall be no merger of this Lease or any leasehold interest hereby created with the title to or any other estate or interest in the Equipment.

(i) Governing Law. This Lease shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of New York.

(j) Miscellaneous. The table of contents and the headings to the provisions of this Lease have been inserted for convenience, and shall not affect the meaning or construction of any provisions of this Lease. Any provision in this Lease referring to any action to be taken by any Person, or which such Person is prohibited from taking, shall be applicable

whether such action is taken directly or indirectly by such Person. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Lease to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed and delivered.

LESSOR: By _____
Its General Partner

Witness: _____
Its _____

LESSEE: By _____
Its _____

(CORPORATE SEAL) Attest: _____
Its _____

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 23rd day of November, 1981, before me personally appeared Frank Dunn, to me personally known, who being by me duly sworn, says that he is the General Partner of MIDKIFF ASSOCIATES, that said instrument was signed on behalf of said partnership and he acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.

(SEAL)

Notary Public

CONCETTA P. LEO
Notary Public, State of New York
No. 24-4612254
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1983

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 23rd day of November, 1981, before me personally appeared Allen Hart, to me personally known, who being by me duly sworn, says that he is the President of RAILAMERICA, LTD., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Notary Public

CONCETTA P. LEO
Notary Public, State of New York
No. 24-4612254
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1983

SCHEDULE A TO LEASE AGREEMENT

Effective this 1st day of November 1981 this Rider shall become a part of the Lease Agreement dated as of November 1, 1981 between Midkiff Associates, Lessor, and RailAmerica, Ltd., Lessee; and the cars described herein shall be leased to Lessee subject to the terms and conditions in said Lease Agreement during the term and for the monthly rentals shown below:

Number of Cars	Type and Description	Approximate Capacity	Minimum Rental Period Months
110	60'6", 50-ton refrigerated boxcars	4,392 cu ft	150

Months	Rental Schedule
1 - 15	$ 275.00
16 - 27	$14,844.00
28 - 39	$27,885.00
40 - 51	$26,460.00
52 - 63	$25,034.00
64 - 75	$23,609.00
76 - 87	$22,184.00
88 - 99	$20,758.00
100 - 111	$19,333.00
112 - 123	$17,908.00
124 - 135	$16,483.00
136 - 147	$15,057.00
148 - 150	$14,166.00

Bonus Rentals

Commencing with the 61st month of the Lease Agreement, Lessor is entitled to receive as a bonus rental 50% of the rentals received by Lessee in excess of $150 per railroad car per month.

MIDKIFF ASSOCIATES

By: _____
General Partner

RAILAMERICA, LTD.

By: _____

ANNEX 1

CERTIFICATE OF ACCEPTANCE

I, _____, hereby certify that I am a duly appointed and authorized representative of RailAmerica, Ltd., a New York corporation ("Lessee"); that, as such, I am authorized to execute and deliver this Certificate in the name and on behalf of Lessee; and that:

1. This Certificate is being delivered pursuant to Section 2(b) of the Lease dated as of November 1, 1981 (the "Lease") between Lessee and Midkiff Associates. The terms used in this Certificate and not defined herein shall have the respective meanings attributed thereto in the Lease.

2. I have inspected, received, approved and accepted delivery under the Lease of the following Items:

NUMBER OF ITEMS: 110

DATE ACCEPTED:

ROAD MARKS:

DELIVERY LOCATION: Chicago, Illinois

EXPIRATION DATE: _____1994

Said Items are in good order and condition and conform to the specifications applicable thereto and to all Railcar Requirements. Lessee has no knowledge of any defect in any of the foregoing Items. Each side of each Item bears the Equipment Marking required by Section 7(f) of the Lease in letters not less than one inch in height.

Dated:

_____

Title:_____

SCHEDULE B

CASUALTY SCHEDULE

ACTUARIAL

NOV 23, 1981 9:35.

DEBT AMOUNT: $12,500.00
NOMINAL RATE: 12.250000
EFFECTIVE RATE: 12.961736

PER.	TERMINATION VALUE
0	12,500.00
1	12,461.53
2	12,422.67
3	12,383.41
4	12,343.75
5	12,303.69
6	12,263.22
7	12,222.34
8	12,181.04
9	12,139.32
10	12,097.17
11	12,054.59
12	12,011.58
13	11,968.13
14	11,924.23
15	11,879.89
16	11,835.09
17	11,789.84
18	11,744.12
19	11,697.94
20	11,651.29
21	11,604.16
22	11,556.55
23	11,508.45
24	11,459.86
25	11,410.78
26	11,361.20
27	11,311.11
28	11,260.51
29	11,209.39
30	11,157.75
31	11,105.58
32	11,052.88
33	10,999.64
34	10,945.86
35	10,891.53
36	10,836.64
37	10,781.19
38	10,725.18
39	10,668.60
40	10,611.44

CASUALTY SCHEDULE

ACTUARIAL

NOV 23, 1981 9:35

PER.	TERMINATION VALUE
41	10,558.70
42	10,495.37
43	10,436.44
44	10,376.91
45	10,316.77
46	10,256.02
47	10,194.65
48	10,132.65
49	10,070.02
50	10,006.75
51	9,942.83
52	9,878.26
53	9,813.03
54	9,747.13
55	9,680.56
56	9,613.31
57	9,545.38
58	9,476.75
59	9,407.42
60	9,337.38
61	9,266.63
62	9,195.16
63	9,122.96
64	9,050.02
65	8,976.34
66	8,901.90
67	8,826.70
68	8,750.74
69	8,674.00
70	8,596.48
71	8,518.17
72	8,439.06
73	8,359.14
74	8,278.40
75	8,196.84
76	8,114.45
77	8,031.22
78	7,947.14
79	7,862.20
80	7,776.39

CASUALTY SCHEDULE

ACTUARIAL

NOV 23, 1981 9:35

PER.	TERMINATION VALUE
81	7,689.70
82	7,602.13
83	7,513.67
84	7,424.30
85	7,334.02
86	7,242.82
87	7,150.69
88	7,057.62
89	6,963.60
90	6,868.62
91	6,772.67
92	6,675.74
93	6,577.82
94	6,478.90
95	6,378.97
96	6,278.02
97	6,176.04
98	6,073.02
99	5,968.95
100	5,863.81
101	5,757.60
102	5,650.31
103	5,541.92
104	5,432.42
105	5,321.81
106	5,210.07
107	5,097.19
108	4,983.15
109	4,867.95
110	4,751.57
111	4,634.01
112	4,515.25
113	4,395.27
114	4,274.07
115	4,151.63
116	4,027.94
117	3,902.99
118	3,776.76
119	3,649.24
120	3,520.42

CASUALTY SCHEDULE

ACTUARIAL

PER.	TERMINATION VALUE
121	3,390.29
122	3,258.83
123	3,126.03
124	2,991.87
125	2,856.34
126	2,719.43
127	2,581.12
128	2,441.40
129	2,300.25
130	2,157.66
131	2,013.62
132	1,868.11
133	1,721.11
134	1,572.61
135	1,422.59
136	1,271.04
137	1,117.95
138	963.29
139	807.05
140	649.22
141	489.78
142	328.71
143	166.00
144	0.00

ANNEX 1

Definitions

"AAR" means the Association of American Railroads.

"Abatement" means any abatement, reduction, set-off, defense, counterclaim or recoupment.

"Affiliate" of any corporation means a Person controlling, controlled by, or under common control with, such corporation.

Affiliated Group means an "affiliated group" (as defined in Section 1504 of the Code) which in fact files consolidated federal income tax returns.

"Affiliated Group Member" means a Person which is a member of an "Affiliated Group".

"Alteration" means alteration, addition, replacement and/or modification.

"Annex" the Certificate of Acceptance issued and attached hereto as amended from time to time.

"Assignee" means any other Person to whom Lessor's interest in this Lease may be hereafter assigned pursuant to Section 18 of the Lease.

"Authorized Officer" of any corporation means the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, or any Assistant Secretary of such corporation, or any other officer authorized by the Board of Directors of such corporation to perform a specific act in question.

"Basic Rent" -- Section 3(b) of the Lease.

"Basic Rent Date" -- means the first day of the third month following the Basic Term Commencement Date, and the first day of every succeeding third month during the Basic Term.

"Basic Term Commencement Date" means the date of acceptance set forth on the Certificate of Acceptance.

"Business Day" means any day other than a Saturday, Sunday or a holiday on which banking institutions in New York are authorized or obligated by law to close.

"Certificate of Acceptance" means a certificate in substantially the form of Annex 1 to the Lease.

"Demand" means any liability, obligation, loss, damage, penalty, claim, action, suit, cost, expense or disbursement (including, without limitation, legal fees and expenses) of any kind and nature whatsoever, other than any Tax.

"Directive" means an instrument executed (in one or more counterparts) by the Required Noteholders, directing Secured Party to take or refrain from taking the action specified therein.

"Domestic Corporation" means a corporation organized under the laws of the United States or a State thereof or the District of Columbia.

"Equipment" means all the Items which are the time subject or intended to be subject to this Lease.

"Equipment Marking" means the following legend:

"OWNED BY (NAME OF LESSOR) AND SUBJECT TO
A SECURITY AGREEMENT FILED WITH THE ICC."

"Equity Interest" means Lessor's ownership interest in the Equipment and Lessor's interest in the Lease, including without limitation, all amounts of Rent, insurance proceeds, indemnity and other payments of any kind for or with respect to the Equipment.

"Event of Loss" means any one of the following events: (i) the loss, theft, destruction of any Item, or the determination that any Item has become worn out or irreparably damaged, (ii) the Requisition of any Item for a stated period ending on or after the Expiration Date, or (iii) the permanent return of any Item to Manufacturer pursuant to Manufacturer's obligations under the Purchase Order.

"Expiration Date" means the last day of the Basic Term (or, if this Lease shall have been extended pursuant to Section 13(a), the last day of the Renewal Term).

"Fair Market Value" means the amount which would be obtainable in an arm's-length transaction between an informed and willing buyer (other than a buyer in possession) under no compulsion to buy, and an informed and willing seller under no compulsion to sell.

"Fair Rental Value" means the amount which would be obtainable in an arm's-length transaction between an informed and willing lessee (other than a lessee in possession) under no compulsion to lease, and an informed and willing lessor under no compulsion to lease.

"Governmental Body" means any court, administrative agency or governmental authority.

"Governmental Order" means any order, judgment, writ, injunction, decree, determination or award of any Governmental Body or arbitration board or tribunal.

"Grant" means to grant a security interest. A Grant of the Lease or of any other instrument shall include (to the exclusion of the Granting party) all rughts, powers and options (but none of the obligations) of the Granting party thereunder, including, without limitation, the immediate and continuing right to claim for, collect, receive and receipt for Rents, insurance proceeds, condemnation awards and all other money payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the Granting party or otherwise, and generally to do anything which the Granting party is or may be entitled to do thereunder or with respect thereto.

"ICC" means the Interstate Commerce Commission.

"Immediately Available Funds" means federal funds or collected funds immediately available to the recipient thereof.

"Impositions" means all Taxes, other than Income Taxes.

"Income Tax" means any Tax measured by or based on net income (including excess profits taxes and taxes based on capital imposed in lieu of such net income taxes).

"Income Tax Regulations" means the Treasury Regulations promulgated under the Code by the United States Treasury Department, as amended from time to time.

"Institutional Investor" menas (i) any bank, bank holding company, savings institution, trust company or national banking association (whether acting for its own account or in a fiduciary capacity as trustee or agent under any pension, retirement, profit sharing or similar trust or fund), (ii) any insurance company or fraternal bebefit society, (iii) any finance company or leasing company, or (iv) any wholly owned subsidiary of any of the foregoing, provided that any such Person has capital, surplus and retained earnings (or the equivalent) of at least $50 million.

"Interchange Rules" means the Interchange Rules of the Mechanical Division of the AAR, as amended from time to time.

"IRS" means the Internal Revenue Service.

"Item" means an item of railroad rolling stock described in Annex 1, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed on such item which are the property of Lessor pursuant to this Lease.

"Law" means any statute, rule, ordinance, regulation, executive order or other law.

"Lease" means the Lease to which this Annex 1 is attached, as amended from time to time.

"Lease Default" means any act or occurrence which, with notice or lapse of time, or both, would constitute a Lease Event of Default.

"Lease Event of Default" -- Section 15 of the Lease.

"Lessee" -- introductory paragraph of the Lease.

"Lessee's Instruments" means this Lease, the acknowledgement of Lessor's assignment of Lease.

"Lessor" -- introductory paragraph of the Lease.

"Lessor's Instruments" means this Lease, and any Security Agreement.

"Lessor's Liens" means Liens or dispositions of title (i) resulting from an affirmative action taken by Lessor which is neither consented to by Lessee nor taken in connection with an Event of Default, or (ii) resulting from claims against Lessor unrelated to Lessor's ownership of the Equipment or the transactions contemplated by the Operative Documents.

"Lien" means any security interest, mortgage, pledge, lien, charge, encumbrance or lease of any kind, including any conditional sale or other title retention agreement and any lease in the nature thereof.

"Loss" -- Section 12(b) of the Lease.

"Loss Amount" means, with respect to each Item, an amount equal to that percentage of the Purchase Price of such Item set forth opposite the relevant Basic Rent Date in Schedule B to the Lease.

"Mileage" means all mileage allowances, rentals and/or other compensation.

"Permanent Alterations" means Alterations which are not Removeable Alterations.

"Permitted Encumbrances" means Liens permitted by Section 5 of the Lease, except for Lessor's Liens.

"Person" means any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

"Proceeding" means any action at law, suit in equity or other judicial or administrative proceeding.

"Railcar Requirements" means all Laws (including, without limitation, the rules of the United States Department of Transportation and the ICC), Interchange Rules, AAR standards and insurance requirements applicable to the Equipment.

"Removable Alterations" means Alterations which are readily removeable without causing material damage to the Equipment.

"Renewal Term" -- Section 13(a) of the Lease.

"Rent" means Basic Rent and Supplemental Rent.

"Requisition" means the requisition of title of any Item or other taking by any Governmental Body under power of eminent domain or otherwise.

"Return Date" means the earlier of the Expiration Date or the Termination Date.

"Securities Act" means the Securities Act of 1933, as amended.

"Subsidiaries" means such subsidiaries of Lessee as are included in its consolidated financial statements prepared in accordance with generally accepted accounting principles consistently applied.

"Supplemental Rent" means all payments required to be made by Lessee under the Lease, other than Basic Rent and payments of the Loss Amount of any Item pursuant to Section 8 of the Lease.

"Tax" means any governmental or quasi-governmental income, franchise, sales, use, personal property, ad valorem, value added, leasing, leasing use, excise, gross receipts, stamp or other tax, levy, impost, duty, charge, assessment, fee or withholding of any nature, together with any penalty, fine or interest thereon.

"Termination Date" means the date on which Lessor terminates this Lease pursuant to Section 16(a) of the Lease.

"Transfer" means to sell, assign or transfer.