



**NORTH AMERICAN CAR CORPORATION**  
 33 West Monroe  
 Chicago, IL U.S.A. 60603  
 Telephone 312.853.5000  
 Telex #255222

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 Law Department  
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RECORDATION NO. **13447** Filed 1425

January 22, 1982

**JAN 25 1982 -2 40 PM**

**INTERSTATE COMMERCE COMMISSION**

Secretary  
 Interstate Commerce Commission  
 Washington, D.C. 20423

**2-025A103**  
 No. **JAN 25 1982**  
 Date .....  
 Fee \$ **50.00**.....

Dear Secretary:

I have enclosed an original and several counterparts of the document described below, to be recorded pursuant to section 11303 of title 49 of the U.S. Code.

This document is a Lease of Railroad Equipment, a primary document, dated as of December 22, 1981.

*New Member*

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

**Lessor:** MLL Equipment Investors-I  
 c/o ML Leasing Partners  
 One Liberty Plaza  
 165 Broadway  
 New York, NY 10080

**Lessee:** North American Car Corporation  
 33 West Monroe Street  
 Chicago, IL 60603

A description of the equipment covered by the document follows:

232 - 4750 cu.ft. covered hopper cars, 100 ton trucks (LO) SN 64257-64282, 478100-478149, 486711-486716, 487078, 487209-487275, 487654-487735.

A fee of \$50 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the messenger presenting this document.

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

*Vertical handwritten notes on the right margin, including a signature and the name "E. Soderstorm II".*

*Vertical stamp: JAN 25 1982*

Lease of Railroad Equipment between MLL Equipment Investors-I, c/o ML Leasing Partners, One Liberty Plaza, 165 Broadway, New York, NY 10080, Lessor, and North American Car Corporation, 33 W. Monroe, Chicago, IL 60603, Lessee, and covering 232 - 4750 cu.ft. covered hopper cars (LO).

Sincerely,



Edward H. Soderstrom II  
Attorney to North American  
Car Corporation

EHS:eo  
Enc.

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

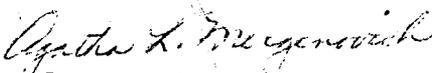
Edward H. Soderstorm II  
North American Car Corp.  
33 West Monroe  
Chicago, IL 60603

January 25, 1982

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 **1/25/82** at **2:40PM**, and assigned re-  
recording number(s). **13447**

Sincerely yours,

  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

JAN 25 1982 -2 40 PM

## INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT dated as of December 22, 1981, between NORTH AMERICAN CAR CORPORATION (hereinafter called the "Lessee"), and MLL EQUIPMENT INVESTORS - I, a New York limited partnership (hereinafter, together with its successors and assigns, called the "Lessor").

WHEREAS the Lessor has entered into a Railcar Purchase and Sale Agreement dated as of the date hereof (hereinafter called the "Purchase Agreement") with North American Car Corporation (hereinafter, in its capacity as a party to the Purchase Agreement, called the "Seller") pursuant to which the Lessor will acquire the units of railroad equipment described in Schedule A hereto (hereinafter called the "Units");

WHEREAS the Lessor has entered into a Maintenance and Repair Agreement dated as of the date hereof (hereinafter called the "Maintenance Agreement") with North American Car Corporation (hereinafter, in its capacity as a party to the Maintenance Agreement, called the "Contractor") pursuant to which, for a fixed monthly fee, the Contractor will maintain and repair the Units and perform certain related services;

WHEREAS the Lessor intends to borrow funds in order to finance various equipment acquisitions and, in that connection, intends to enter into one or more notes, note purchase agreements, loan agreements, security agreements, trust indentures and other comparable agreements and instruments which will grant a security interest in the Units (which notes, agreements and interests are collectively hereinafter called the "Security Documents") with one or more lenders and/or trustees or agents therefor (hereinafter called the "Secured Party");

WHEREAS the Lessor intends to assign to the Secured Party for security purposes under the Security Documents its rights in, to and under this Lease pursuant to an assignment of lease, assignment of rentals and lessor's rights under lease, or comparable agreement (hereinafter referred to as the "Lease Assignment");

WHEREAS the Lessee is hereby agreeing to enter into a Consent (as that term is defined in Section 19 hereof), pursuant to which the Lessee will consent to the assignment of the Lease under the Lease Assignment and will agree to make certain payments to the Secured Party upon the happening of certain events.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Purchase Agreement. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance substantially in the form of Annex A hereto (hereinafter called the "Certificate of Acceptance") stating that such Unit has been inspected and accepted on behalf of the Lessee on the date of such Certificate of Acceptance and is marked in accordance with Section 18 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rentals. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 89 consecutive monthly rental payments with respect to each Unit subject to this Lease, payable, in advance, on the first day of each month in each year commencing January 1, 1982. The 60 monthly rental payments due on the first day of each of the 60 months commencing on January 1, 1982, with respect to each Unit subject to this Lease shall each be \$614 and the 29 monthly rental payments due on the first day of each of the 29 months commencing on January 1, 1987 with respect to each Unit subject to this Lease shall be \$643; provided, however, that the rental payable on January 1, 1982 for each Unit subject to this Lease shall include, as rental with respect to such Unit for the period from and including the first day of the term of this Lease as to such Unit through December 31, 1981, a ratable portion of the monthly rental (at the rate of \$20.47 per day).

If any of the monthly rental payment dates referred to above is not a business day, the monthly rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Chicago, Illinois are authorized or required to remain closed.

So long as the Lessee shall not have received written notice from the Secured Party under the Consent of the happening of an event of default under the Security Documents, all payments provided for in this Lease shall be made at such place as the Lessor shall specify in writing. If the Lease Assignment shall have been executed and delivered then, for so long as any indebtedness existing under the Security Documents shall remain unpaid, upon the happening of any event of default under the Security Documents all payments provided for in this Lease shall be made, for the account of the Lessor, as provided in the Consent. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in immediately available funds in the city where such payment is to be made.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of Sections 7, 9 and 13 hereof, shall terminate on May 31, 1989. So long as (i) no Event of Default exists hereunder and (ii) the Lessee is complying with the provisions of the Consent this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under Section 16 hereof in respect of such Units.

Section 4. Possession and Use; Compliance with Laws and Rules. So long as (i) no Event of Default exists hereunder and (ii) the Lessee is complying with the provisions of the Consent, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms hereof. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of Section 16.

The Lessee agrees not to use or permit the use, at any one time, in jurisdictions in which the title of the Lessor or, so long as any indebtedness existing under the Security Documents shall remain unpaid, any Secured Party has not been effectively protected, of Units the purchase price of which under the Purchase Agreement is in excess of 10% of the aggregate purchase price under the Purchase Agreement of all the Units then subject to this Lease.

Notwithstanding any other provision of this Section 4 or of Section 16, in no event shall the Lessee use or permit

the use of any Unit in a manner which would result in such Unit being treated as having been disposed of, or otherwise ceasing to be "section 38 property" (as that term is defined in the Internal Revenue Code of 1954, as amended (the "Code")), for purposes of Sections 38 and 46 through 50 of the Code (or corresponding provisions of succeeding law).

The Lessee agrees, for the benefit of the Lessor and any Secured Party, subject to the provisions of Section 7 hereof, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the Interchange Rules of the Association of American Railroads (herein called the "AAR") and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units (including, without limitation, applicable statutes, regulations and orders relating to equal employment opportunities and environmental standards or controls), to the extent that such laws and rules affect the title, operation or use of the Units; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not adversely affect the property or rights of the Lessor or, so long as any indebtedness existing under the Security Documents shall remain unpaid, any Secured Party under this Lease or under the Security Documents.

The Lessee will not load or permit the loading of any of the Units in excess of the load limit stenciled thereon.

Section 5. Maintenance and Repairs. The Lessor will be responsible for and agrees to pay for the maintenance and repair (including running repairs) of all damage caused by ordinary wear and tear under normal use and service. The Lessee shall not repair, or authorize the repair of, any Unit without the Lessor's prior written consent, except that running repairs (as specified in the interchange rules of the AAR) may be performed without written consent. The amount that the Lessor will pay for such running repairs shall not be in excess of the basis, in effect at the time the repair is made, provided by the AAR.

The Lessor has entered into the Maintenance Agreement with the Contractor pursuant to which the Contractor will

perform the repair of all damage to any Unit caused by ordinary wear and tear to such Unit under normal use and service and to pay the cost of running repairs included therein. The Lessee agrees to cooperate with the Contractor in seeking reimbursement for running repairs billed to the Lessee and in arranging for other repairs which are the responsibility of the Lessor and will be performed by the Contractor for the account of the Lessor. The Lessor agrees that it will not, without the written approval of the Lessee, terminate the Maintenance Agreement as to any Unit during the term of this Lease with respect to such Unit.

The Lessee, at its own expense, shall either replace or reimburse the Lessor for the cost of replacing any destroyed, damaged, lost, removed or stolen appliance or removable part unless a railroad has assumed full responsibility for such destruction, damage, loss, removal or theft, or unless such destruction, damage, loss, removal or theft results from the negligence or omission of the Lessor.

Lessee shall be responsible for, and bear the cost of: (a) any damage to (ordinary wear and tear excepted) or destruction of the Units or the fittings, appliances or appurtenances thereto resulting from or arising out of the acts of Lessee or any sublessee or assignee of the Lessee or the agents or customers of the Lessee or any such sublessee or assignee or from any commodity or corrosive or abrasive substance or other material loaded thereon or therein or used in connection therewith; (b) any repair resulting from or arising out of damage caused to the Units by open flames, vibrators, sledges and/or other handling, loading or unloading devices and systems; (c) damage to any Unit resulting from or arising out of loading such Unit in excess of the load limit stenciled thereon or AAR Weight Limitations, or in an unbalanced fashion; (d) damage to any linings, covers, insulation or coatings on any Unit; and (e) repair of damage to special exterior paint and/or customer logos, automated controls for product discharge, spargar or air-slide or pressure differential or related or similar discharge systems and appurtenances, or movable or removable covers.

The application, maintenance and removal of interior protective lining in any of the Units should be performed by and at the expense of the Lessee.

Section 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to

the Lessor with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal or foreign income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured solely by net income based on such receipts, or gross receipts taxes [other than gross receipts taxes in the nature of sales or use taxes], up to the amount of any such taxes which would be payable to the state and city in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties other than fines or penalties imposed on or with respect to taxes for which the Lessor is not indemnified under this Section 6 (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale (other than a voluntary disposition by the Lessor while no Event of Default shall have occurred and be continuing hereunder), rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Purchase Agreement, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, interest, property or rights of the Lessor hereunder or the Secured Party under the Security Documents or subject the Lessor or the Secured Party to personal liability for which adequate indemnity shall not have been given. If any impositions shall have been charged or levied against the Lessor directly, are not being contested by the Lessee as hereinabove provided, and have been paid by the Lessor, then the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

The Lessee agrees to indemnify the partners of the Lessor against any reduction in rentals payable to the Lessor under this Lease resulting from foreign withholding taxes being deducted therefrom; provided, however, that the amount of any indemnity payment due to any partner of the Lessor (hereinafter called an "indemnity") may be reduced by the amount by which the Lessee conclusively establishes that such partner's U.S. federal income tax liability (after taking into account all tax benefits by way of deductions and credits which are in fact claimed and used by such partner) has been reduced as a result of such foreign withholding taxes. It is expressly understood and agreed that each such partner shall be deemed to be a third-party beneficiary of the provisions of this paragraph, but that, for purposes of the Security Documents and the Lease Assignment, indemnity payments under this paragraph are considered to be payments provided for in this Lease. The Lessor will cooperate with the Lessee in determining the identity and interest of each partner of the Lessor in any indemnity payable under this paragraph and in distributing such amounts.

The Lessee agrees to indemnify the Lessor against any loss, damage, or expense resulting from the use of any Unit in a manner which would result in such Unit being treated as having been disposed of, or otherwise ceasing to be "section 38 property" (as that term is defined in the Code) (including, but not limited to, as a result of use of such Unit outside the United States, subleases of such Unit resulting in use of such Units outside the United States, or subleases of such units to tax-exempt individuals or government organizations). Such indemnification shall be a payment equal to 181-9/11% of the investment tax credit to which the partners of the Lessor would have been entitled if such Unit had not been treated as having been disposed of or otherwise ceased to be "section 38 property". The making of the indemnity payment provided in this paragraph shall constitute complete cure of any breach by the Lessee of its covenant and agreement in the third paragraph of Section 4 hereof.

In the event any reports with respect to impositions or indemnities are required to be made, the Lessee will either make such reports in such manner as to show the interest of the Lessor and the Secured Party in such Units or notify the Lessor and the Secured Party of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Secured Party.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition or indemnity, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions and indemnities are paid or reimbursed by the Lessee.

Section 7. Additions and Improvements. In the event that any laws of any jurisdiction in which the operation of the Lessee involving the Units, or the Interchange Rules of the AAR, or the lawful rules of the Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units (to the extent that such laws or rules affect the title, operation or use of the Units) require any alteration, replacement or addition of or to any part of any Unit, or adjustment in any manner of any Unit, in order to qualify such Unit for loading or operation in railroad interchange (any such alteration, replacement, addition, or adjustment being herein called a "Mandatory Modification"), the Lessor shall, in its sole discretion, determine whether the cost of making any such Mandatory Modification is economical to expend in view of the estimated remaining useful life of such Unit. If the Lessor determines that the making of such Mandatory Modification is not economical, such Unit shall, subject to the proviso to this sentence, be permanently removed from the Lessee's service at the date designated in writing by the Lessor and, upon redelivery of such Unit by the Lessee to the Lessor as provided in Section 15, the term of this Lease as to such Unit, and the obligation of the Lessee to pay rental with respect thereto, shall terminate; provided, however, that (i) such termination shall not relieve the Lessee of any obligations or liabilities which matured or accrued prior to such termination and (ii) the date of the redelivery of such Unit and the termination of this Lease with respect to such Unit must be prior to the date that the Mandatory Modification is required to be made with respect to such Unit.

If the Lessor determines that the making of such Mandatory Modification is economical, the Lessee shall, in its sole discretion, determine whether the cost of making such Mandatory Modification is economical to expend in view of the estimated remaining term of this Lease with respect to such Unit. If the Lessee determines that the making of such Mandatory Modification is not economical, the Lessor may, in its sole discretion, either (a) permanently remove

such Unit from the Lessee's service, in which case this Lease shall terminate with respect to such Unit, in the manner and subject to the conditions provided in the preceding paragraph, as if the Lessor had determined that the making of such Mandatory Modification was not economical; or (b) at its cost cause the Mandatory Modification to be made, in which case the rental payable under this Lease with respect to such Unit shall be increased in the manner and to the extent set forth in Schedule B hereto. If the Lessee determines that the making of such Mandatory Modification is economical, the Lessee shall make such Mandatory Modification at its own expense prior to the time that such Mandatory Modification is required to be made.

Except as hereinafter provided, any and all additions to any Unit and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by or in accordance with the Security Documents, this Lease or the Lease Assignment) shall immediately be vested in the Lessor and, so long as any indebtedness existing under the Security Documents shall remain unpaid the Secured Party, as their respective interests appear in the Unit itself. The Lessee may make alterations or modifications to any Unit so long as they do not adversely affect the value of such Unit. The Lessee may at its cost make additions or improvements to any Unit that are readily removable without causing material damage to such Unit, and if the Lessee shall at its cost make such readily removable additions or improvements to any Unit, the Lessee agrees that it will, prior to the return of such Unit to the Lessor hereunder, remove the same at its own expense without causing material damage to such Unit. Title to any such readily removable additions or improvements shall remain with the Lessee.

Section 8. Insurance. The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or operated by it and the benefits thereof shall be payable to the Lessor and the Lessee and, so long as any indebtedness existing under the Security Documents shall remain unpaid, the Secured Party, as their interests may appear. Lessee will deliver certificates evidencing any insurance effected

or in force in accordance with the provisions of this Section 8 and will cause such certificates to be endorsed so as to obligate the insurers thereunder to notify the Lessor at least 30 days in advance of any pending cancellation or material modification. Any policies of insurance carried in accordance with this Section 8 shall name the Lessor as an additional named insured as its interests may appear. All insurance proceeds received by the Lessor with respect to any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit with respect to which such proceeds were paid has been fully repaired.

Section 9. Payment for Casualty Occurrences. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, or permanently rendered unfit from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, or until such Unit shall have been returned in the manner provided in Section 15 hereof, the Lessee shall promptly and fully notify the Lessor and the Secured Party with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Lessor the amount (hereinafter called the "Casualty Value") with respect to such Unit as of such rental payment date equal to the "settlement value" of such Unit payable under Rule 107 of the Interchange Rules of the AAR (without regard to whether any party subject to such Rules had made or would be required to make such payment). Upon the making of such payment by the Lessee with respect to any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. If the date upon which the making of such payment by the Lessee in respect of any Unit is required as aforesaid shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term but the Lessee, in addition to paying the Casualty Value for such Unit, shall pay interest thereon from the end of such term to the date of such payment at the rate of 16% per annum.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a Casualty Occurrence at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously

paid the Casualty Value to the Lessor, the Lessee shall be entitled to receive the proceeds of such sale to the extent that such proceeds do not exceed the Casualty Value of such Unit, and the Lessor shall be entitled to retain any excess (after deduction from such excess of the reasonable expenses of the Lessee, with a reasonable profit thereon, incident to such sale).

If the Lessor shall receive any insurance proceeds or condemnation payments, or the Lessee shall receive any sublessee or railroad indemnity or settlement payments or other recoveries, with respect to any Unit suffering a Casualty Occurrence and the Lessee shall have made full payment of the Casualty Value with respect to such Unit pursuant to Section 9 without deduction for such insurance proceeds, condemnation payments, indemnity payments, settlements or other payments, the Lessee shall be entitled to receive such proceeds, condemnation payments, indemnity payments, settlements or other payments up to an amount equal to the sum of (x) the Casualty Value with respect to a Unit paid by the Lessee, plus (y) the reasonable expenses of the Lessee (and a reasonable profit thereon) incident to the handling of such proceeds or payments. Any balance of such proceeds or condemnation payments shall remain the property of the Lessor.

Except as hereinabove in this Section 9 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

Section 10. Disclaimer of Warranties. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF it being agreed that, as between the Lessor and the Lessee, all such risks are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the manufacturer of the

Units or the Seller. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

Section 11. Indemnification, Discharge of Claims. The Lessee agrees to indemnify, protect and hold harmless the Lessor and the Secured Party from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Purchase Agreement or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 15 of this Lease. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease. The indemnities arising under this paragraph shall not be deemed (a) to relieve the Lessor of its obligations under Section 5 hereof or (b) to operate as a guaranty of the residual value of the Equipment or as a guaranty of the payment of the principal of or interest on any indebtedness at any time existing under the Security Documents.

The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Secured Party or resulting from claims against the Lessor or the Secured Party not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Secured Party or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises.

Section 12. Limitation on Setoff or Termination by Lessee. The Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including,

but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, the Seller, the Contractor or the Secured Party or otherwise whether under this Lease, the Purchase Agreement, the Maintenance Agreement, or the Security Documents or otherwise nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever. To the extent permitted by applicable law, the Lessee hereby agrees that its sole remedy for or on account of any past, present or future claims of the Lessee against the Lessor, the Seller, the Contractor or the Secured Party shall be by action at law for money damages; and Lessor expressly agrees that, except as expressly provided in this Lease, the Purchase Agreement, or the Maintenance Agreement, the provisions of this Section 12 do not constitute a waiver, and are not understood to be in derogation, of any such claim by the Lessee.

Section 13. Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur:

~~A. default shall be made in payment of any part of the rental provided in Section 2 hereof and such default shall continue for 5 business days;~~

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Consent, and such default shall continue for 30 days after written notice from the Lessor or, so long as any indebtedness existing under the Secured Documents shall remain unpaid, the Secured Party to the Lessee specifying the default and demanding that the same be remedied;

D. the Lessee shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) file a petition in bankruptcy or commence proceedings under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute now or hereafter in effect of the Federal government or any state or territorial government or any subdivision of either, (iii) make an assignment for the benefit of its creditors, (iv) consent to the appointment of a receiver, or (v) on a petition in bankruptcy filed against the Lessee, be adjudicated a bankrupt;

E. any proceedings shall be commenced against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or under the Consent under any bankruptcy or insolvency laws, relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder or under the Consent), and such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective within 60 days after such proceedings shall have been commenced;

then, subject to the provisions of the third paragraph of Section 6, in any such case, the Lessor, at its option, may:

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction the numerator of which is such number of days and the denominator of which is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of bargain and not as a penalty whichever of the following amounts the Lessor in its sole discretion shall specify (x) a sum, with respect to each Unit, which represents (A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 16% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had

this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, or (y) any amount equal to the excess, if any, of the Casualty Value (computed as of the date of termination) of all Units subject to the Lease immediately prior to termination over the net proceeds of the sale of the Units if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sales value of such Units at such time.

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

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Section 14. Return of Units Upon Default. If this Lease shall terminate pursuant to Section 13 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor and shall comply with the provisions of this Section upon such return. Each Unit returned to the Lessor pursuant to this Section 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any accession as provided in Section 7 hereof and (iii) meet the standards then in effect under the Interchange Rules of the AAR, if applicable. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the 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 telegraphic and written notice to the AAR and all railroads to which any Unit or Units have been so interchanged) and at the usual speed place such Units upon such storage tracks or cause such Units to be transported to such point or points as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks or premises until such Units have been sold, leased or otherwise disposed of by the Lessor; or

(c) perform such other acts with respect to the Units as the Lessor may reasonably request.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, of any prospective purchase of any such Unit, to inspect the same.

The Lessee hereby expressly waives any and all claims against the Lessor and, so long as any indebtedness existing under the Security Documents shall not have been paid in full, the Secured Party and the agent or agents of either of them for damages of whatever nature in connection with any retaking of any Unit in any reasonable manner in accordance with the terms hereof.

Without in any limiting the obligation of the Lessee under the foregoing provisions of this Section 14, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

Section 15. Return of Units upon Expiration of Term.  
Upon the expiration of the term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such

Unit to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks. The movement of such Unit shall be at the expense and risk of the Lessee and the storage of such Unit to be at the expense and risk of the Lessee for two months, to be shared equally by the Lessor and the Lessee for the next two months, and to be borne by the Lessor thereafter. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 15 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any accession as provided in Section 7 hereof and (iii) meet the standards then in effect under the Interchange Rules of the AAR, if applicable.

Section 16. Assignment; Subletting. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under Sections 4, 5, 6, 7, 8, 9, 11 and 13 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Secured Party) and any purchaser of the Units); provided, however, that if, during the term of this Lease, the Lessor shall elect to sell any Unit in order to provide funds to pay all or a portion of the cost of any Mandatory Modification, the Lessee shall have the option, which shall expire 30 days after written notice from the Lessor of its election to sell such Unit, to purchase such Unit in a cash

sale, as is-where is, at the fair market value of such Unit (as determined by the parties or, if they are unable to agree, as determined by an independent appraiser or engineer, designated by the Lessor, familiar with railcar equipment and operation).

The Lessee may (a) furnish any Unit or Units to railroad companies for use upon the lines of railroad owned or operated by them or over which they have trackage rights and upon connecting and other carriers in the usual interchange of traffic, or to others than railroad companies, or (b) sublease any Unit or Units to any person or entity (or permit any such person or entity to sublease or furnish the use of such Unit to any other person or entity), but only, in either case, upon and subject to all terms and conditions of this Lease and to all rights of the Lessor hereunder and, so long as any indebtedness existing under the Security Documents shall not have been repaid in full, of the Secured Party under the Security Documents.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled (subject to the rights of the Lessor and the Secured Party referred to in the next preceding paragraph) to the possession of the Units included in such sublease and the use thereof, and, subject to the provisions of Section 18, may provide for lettering or marking upon such Units for convenience of identification of the leasehold interest of such sublessee therein. Every such sublease shall be subject to the rights of the Lessor and, so long as any indebtedness existing under the Security Documents shall remain unpaid, the Secured Party under this Lease in respect of the Units covered by such sublease and the Lessee agrees that it will use its best efforts to cause substantially the following clause to be inserted in each such sublease and each guaranty thereof or of amounts due and payable thereunder. "Lessee [guarantor] agrees that no claim or defense which Lessee [and/or the guarantor] may have against North American Car Corporation shall be asserted or enforced against any assignee of this agreement." The Lessee hereby agrees to and does hereby transfer and assign to the Lessor as security for the Lessee's obligations hereunder all amounts due and payable under any such sublease or any guaranty thereof or of amounts due and payable thereunder. It is understood and agreed that the Lessee will act as the agent of the Lessor to collect and receive all payments due and to become due under the subleases in respect of the Units, provided that if an Event of Default under this Lease

shall occur and be continuing, the Lessor may terminate such agency and such agency shall terminate immediately upon notice of such termination from the Lessor to the Lessee and provided further that prior to receipt of such notice the Lessee may make such use of any moneys received pursuant to its agency as it would otherwise be entitled to except for the assignment of such moneys under the subleases.

The Lessor shall have the right to declare the lease provided for herein terminated in case of any unauthorized assignment or transfer of the Lessee's rights hereunder or in case of any unauthorized transfer or sublease of any of the Units.

Nothing in this Section 16 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Consent) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Lease.

Section 17. Representations and Warranties. The Lessee represents and warrants (for the benefit of the Lessor and the Secured Party) as follows:

A. the Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in such other jurisdictions in which the business and activities of the Lessee under this Lease require such qualification, except in jurisdictions where the failure to so qualify would not, in the aggregate, result in any adverse consequences to the Lessor or the Lessor's ownership of the Units or to the Secured Party or its security interest in the Units;

B. the Lessee has full power, authority and legal right to carry on its business as now conducted and is duly authorized and empowered to execute and deliver this Lease and the Consent;

C. there are no actions, suits or proceedings (whether or not purportedly on behalf of the Lessee) pending or (to the knowledge of the Lessee) threatened against or affecting the Lessee or any property rights of the Lessee at law or in equity, or before any commission or other administrative agency, which could materially and adversely affect the condition, financial or otherwise, of the Lessee; and the Lessee (to its knowledge) is not (i) in default in any material respect under any order or decree of any court or (ii) in default in any material respect under any order, regulation or demand of any governmental commission, agency or instrumentality;

D. the Lessee is not a party to any agreement or instrument or subject to any charter or other corporate restriction materially and adversely affecting the business of the Lessee, or the operations, property or assets or condition, financial or otherwise, of the Lessee;

E. neither the execution and delivery of this Lease or the Consent nor the consummation of the transaction herein and therein contemplated or the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality, or of the corporate charter (as amended) or the by-laws (as amended) of the Lessee or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Lessee pursuant to the terms of any such agreement or instrument;

F. no existing mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interest therein of the Lessee, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Secured Party's or the Lessor's right, title and interest therein; provided, however, that such liens may attach to the leasehold interest of the Lessee hereunder in and to the Units;

G. no authorization or approval is required from any governmental or public body with respect to the entering into or performance by the Lessee of this Lease or the Consent;

H. this Lease has been and, prior to the execution and delivery thereof, the Consent will have been duly authorized, executed and delivered by the Lessee and, assuming due authorization, execution and delivery thereof by the other parties thereto, this Lease constitutes and the Consent will constitute legal, valid and binding agreements of the Lessee, enforceable in accordance with their respective terms, (subject to the enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally);

I. this Lease has been and, upon the execution and delivery of the Security Documents and the Consent, such documents will have been, or, in any case, promptly after the execution and delivery thereof and hereof, will be duly filed and recorded with the Interstate Commerce Commission in accordance with the Interstate Commerce Act and no other filing or recordation is or will be necessary for the protection of the rights of the Lessor and the Secured Party in and to the Units and the Lease in any state of the United States of America or in the District of Columbia;

J. the Lessee has furnished to the Lessor the consolidated balance sheets of the Lessee as of December 31, 1979, and 1980, and related consolidated statements of income for each of the five years ending December 31, 1980; such consolidated financial statements are in accordance with the books and records of the Lessee and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby (except for changes in accounting principles or in the application thereof in which the Lessee's independent certified public accountants concur); such statements present fairly the financial condition of the Lessee at such dates and the results of its operations for such periods; and no material adverse change has occurred in the condition, financial or otherwise, of the Lessor since December 31, 1980;

K. the Lessee has filed or has filed for an appropriate extension of such time to file or its parent has caused to be filed or has filed for an appropriate extension of such time to file all Federal, state and local tax returns which (to its knowledge) are required to be filed, and has paid, or made provisions for the payment of, all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than taxes which are being contested in good faith and which in the aggregate do not involve material amounts; and

L. the Lessee has, to the best of its knowledge and belief, complied in all material respects with all applicable statutes, regulations, orders and restrictions of the United States of America and any state, municipality or agency thereof, in respect of the conduct of its business and ownership of its properties (including, without limitation, applicable statutes, regulations, orders and restrictions relating to equal employment opportunities and environmental standards or controls).

The Lessee's representations and warranties in this Section 17 shall be true on and as of the closing date under the Security Documents with the same effect as though such representations and warranties had been made on and as of such closing date and on such closing date the Lessee shall not be in default under this Lease. On the closing date under the Security Documents the Lessee shall deliver to the Lessor and the Secured Party a certificate of an officer to that effect.

On the Closing Date under the Security Documents the Lessee will deliver to the Lessor counterparts of the written opinion of counsel for the Lessee, addressed to the Lessor and the Secured Party, in scope and substance satisfactory to the Lessor, the Secured Party and their respective counsel, to the effect set forth in clauses A, G, H and I in the immediately preceding paragraph, to the effect set forth in clauses C, E and F in the immediately preceding paragraph to the knowledge of such counsel after due inquiry and further to the effect that the Lessee has full corporate power and authority to carry on its business as now conducted and to execute and deliver this Lease and the Consent.

Section 18. Identification Marks. The Lessee will for the benefit of the Lessor and the Secured Party cause each

Unit to be kept numbered with the identifying number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership Subject to an Equipment Trust or Security Agreement and/or Vested in a Trustee or other Person or Entity as set forth in a Bailment Agreement or Lease Filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Secured Party's title to and property in such Unit and the rights of the Lessor under this Lease and of the Secured Party under the Security Documents. The Lessee will not place any Unit 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, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and, so long as any indebtedness existing under the Security Documents shall remain unpaid, any Secured Party and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documents shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor and, so long as any indebtedness existing under the Security Documents shall remain unpaid, any Secured Party, an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recording and deposit will protect the Lessor's and the Secured Party's interests in such Units and no filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect the interests of the Lessor and the Secured Party in such Units while operating in any jurisdiction wherein this Lease or the Security Documents or any instrument in respect thereof has been or is required under the Security Documents to be filed, registered, deposited or recorded.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its affiliates or any authorized sublessee.

Section 19. Recording; Further Assurances. The Lessee, at its own expense will cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with the Interstate Commerce Act promptly after the execution and delivery hereof and thereof. The Lessee will, subject to the provisions of Section 21 hereof, undertake the filing, registering, deposit, and recording with respect to the Units, and from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection of the Lessor's and, so long as any indebtedness existing under the Security Documents shall remain unpaid, the Secured Party's respective interests in the Units, this Lease, each sublease of any Units or any assignment hereof or thereof, or for the purpose of carrying out the intention of this Lease, or of any such sublease (the cost of such filings, registrations and recordations necessary to so protect the interest of the Lessor being borne by the Lessee and the cost of such filings, registrations and recordations necessary to so protect the interest of the Secured Party being borne by the Lessor).

The Lessee will, if the Lease Assignment shall be executed and delivered, enter into an instrument (herein called the "Consent") pursuant to which the Lessee will (a) consent to the assignment by the Lessor to the Secured Party of the rentals under this Lease and the Lessor's rights hereunder and (b) agree that, in the event of written notice by the Secured Party to the Lessee of the occurrence and continuation of an event of default under the Security Documents, the Lessee will, for the account of the Lessor, make all payments provided for in this Lease directly to the Secured Party or as the Secured Party shall direct in writing.

Section 20. Interest on Overdue Rentals. Anything to the contrary herein notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at the rate of 18% per annum upon the overdue rentals and other obligations for the period of time which they are overdue or such lesser amount as may be legally enforceable.

Section 21. Preparation of Filings and Reports. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee, or by reason of the financing of the purchase thereof or the execution and delivery of the Security Documents or the interest of the Secured Party in the Units; provided, however, that the Lessor shall, to the extent appropriate, join in and execute such reports, or cause the Secured Party to execute such reports, in a timely manner.

Section 22. Lessee's Reports. On or before May 1 in each year commencing with the calendar year 1983, the Lessee will furnish to the Lessor and, so long as any indebtedness existing under the Security Documents shall not have been repaid in full, the Secured Party an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then undergoing repairs (other than running repairs) or that are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or, so long as any indebtedness existing under the Security Documents shall not have been repaid in full, the Secured Party may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 18 hereof have been preserved or replaced. The Lessor shall have the right by its agents and at its own expense to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease; provided, however, that the Lessee shall not be required to assemble the Units for purposes of such inspection.

The lessee agrees to furnish the Lessor and, so long as any indebtedness existing under the Security Documents shall remain unpaid, the Secured Party, (i) promptly upon their becoming available, copies of all reports filed by the Lessee with respect to its properties, operations and financial condition (including on Forms 8K, 10Q and 10K) and other periodic reports and any registration statement or prospectus filed by the Lessee or any subsidiary of the Lessee with any securities exchange or with the Securities

and Exchange Commission or any successor agency; (ii) immediately upon becoming aware of the existence of any condition or event which constitutes an Event of Default under the Lease, a written notice which specifies the nature of the claimed Event of Default and what action the Lessee is taking or proposes to take with respect thereto; and (iii) with reasonable promptness, such other data as from time to time may be reasonably requested.

On or before May 1 in each year commencing with the calendar year 1983 a certificate of the President or a Vice President and the Treasurer, an Assistant Treasurer, the Controller or an Assistant Controller of the Lessee setting forth that the signers have reviewed the relevant terms of this Lease and the Consent and have made, or caused to be made, under their supervision a review of the transactions or condition of the Lessee and its subsidiaries for the preceding fiscal year and that such review has not disclosed the existence during such period of any condition or event which constitutes an Event of Default under this Lease or if any such condition or event existed or exists, or if an event has occurred which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, specifying the nature and period of existence thereof and what action the Lessee has taken or proposes to take with respect thereto.

The Lessee will permit the Lessor to examine all books, records, reports and other papers of the Lessee or any subsidiary relating to the condition and use of the Units, to make copies and extracts therefrom and to discuss with its officers, employees and independent public accountants the condition and use of the Units (and by this provision the Lessee authorized its accountants to so discuss such matters) all at such reasonable times and as often as may be reasonably requested.

The Lessor and the Secured Party may deliver copies of any of the financial statements furnished pursuant to this Section 22, as well as copies of any other information or reports furnished pursuant to this Section 22 or any other provisions of this Lease, to any regulatory body, or to any agency, authority or commission, to whose jurisdiction they may be subject.

Section 23. Notices. Any notice required or permitted to be given by either party hereto to the other shall be addressed as follows:

(a) if to the Lessor, c/o ML Leasing Partners, Inc., at One Liberty Plaza, 165 Broadway, New York, New York 10080, attention of President; and

(b) if to the Lessee, at 33 West Monroe Street, Chicago, Illinois 60603, attention of Vice President - Finance;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee regarding the Lessee's failure to perform any obligation hereunder shall also be furnished to the Lessor.

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been duly given if personally delivered or sent by United States mails or by telegram or telex confirmed by letter and will be deemed given, unless earlier received, (i) if sent by certified or registered mail, return receipt requested, or by first-class mail, five calendar days after being deposited in the United States mails, postage prepaid, (ii) if sent by United States Express Mail, two calendar days after being deposited in the United States mails, postage prepaid, (iii) if sent by telegram or telex or facsimile transmission, on the date sent provided confirmatory notice is sent by first-class mail, postage prepaid, and (iv) if delivered by hand, on the date of receipt.

Section 24. No Recourse. No recourse shall be had in respect of any obligation due under the Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Lessor or the Lessee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

Section 25. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition

or enforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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

Section 26. Execution. The Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 27. Governing Law. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

NORTH AMERICAN CAR CORPORATION,

By   
Vice President

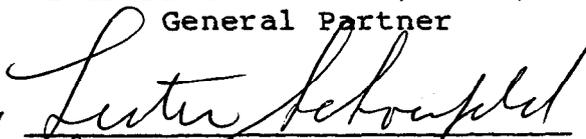


[Corporate Seal]

Attest:

  
Asst. Secretary

MLL EQUIPMENT INVESTORS - I  
By ML LEASING PARTNERS, INC.,  
General Partner

By   
President

STATE OF NEW YORK )  
 ) SS:  
COUNTY OF NEW YORK )

On this 21st day of December, 1981, before me personally appeared Lester Schoenfeld, to me personally known, who being by me duly sworn, says that he is the President of ML Leasing Partners, Inc., a Delaware corporation and general partner of MLL Equipment Investors-I, a New York limited partnership; that the seal affixed to the foregoing Lease of Railroad Equipment is the seal of ML Leasing Partners, Inc.; that said Lease of Railroad Equipment was signed and duly authorized on behalf of MLL Equipment Investors-I; and he acknowledged that the execution of the foregoing Lease of Railroad Equipment was the free act and deed of MLL Equipment Investors-I.



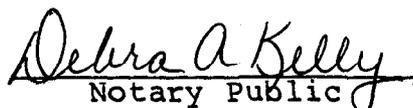
[Seal]

  
MICHAEL G. WOLFSON  
Notary Public, State of New York  
No. 31-4629163  
Qualified in New York County  
Commission Expires March 30, 1982

STATE OF ILLINOIS )  
 ) SS:  
COUNTY OF COOK )

On this 22nd day of December, 1981, before me personally appeared *Robert N. Tidball*, to me personally known, who being by me duly sworn, says that he is ~~the~~ *a Vice President* of North American Car Corporation, a Delaware corporation; that the seal affixed to the foregoing instrument is the seal of said entity; that said instrument was signed, sealed and duly authorized on behalf of said entity; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said entity.

[SEAL]

  
Notary Public

MY COMMISSION EXPIRES *My Commission Expires Feb. 23, 1983*

SCHEDULE A  
MLL EQUIPMENT INVESTORS -I

<u>Description of Cars</u>	<u>Serial # (Inclusive)</u>	<u>Number of Cars</u>
4750 cubic foot covered hopper cars, 100 ton trucks (per North American Car Corporation Specification No. 4750F, attached)	64257-64282	26
same as above	486711-486716	6
same as above	478100-478149	50
same as above	<del>487209-487244</del>	36
same as above	487246-487247	2
same as above	487249-487275	27
same as above	487654-487689	36
same as above	487691-487732	42
same as above	487078	1
same as above	487245	1
same as above	487248	1
same as above	487690	1
same as above	487733-487735	<u>3</u>
		232

SCHEDULE B

Computation of Rent Increase

If the Lessor elects to make a Mandatory Modification, as contemplated by clause (a) of the second paragraph of Section 7, the increase in the Lessee's rental under this Lease for the Unit which is the object of such Mandatory Modification shall be computed as follows:

(a) the cost of the Mandatory Modification shall be the actual cost thereof to the Lessor;

(b) the useful life of the Mandatory Modification shall be as agreed by the Lessor and the Lessee or, if they are unable to agree, by an independent engineer or appraiser, designated by the Lessor, familiar with railcar equipment and operation;

(c) the monthly charge attributable to the Mandatory Modification shall be the periodic monthly payment which would be made on a level payment amortization of the cost of such Mandatory Modification, with interest at the rate of 16% per annum, over the useful life of the Mandatory Modification, computed monthly in advance; and

(d) the monthly rental under the Lease for such Unit shall be increased by the such periodic monthly payment for each month remaining in the Lease term.