NORTH
AMERICAN
CAR

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

13660

RECORDATION NO. ..... Filed 1425

JUN 11 1982 -2 00 PM

June 10, 1982 INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary:

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

This document is an Assignment of Lease, a secondary document, dated as of March 31, 1982.

The primary document to which this is connected is recorded under Recordation No. 13660

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

Assignor: North American Car Corporation
33 West Monroe Street
Chicago, Illinois 60603

Assignee: Manufacturers Hanover Leasing Canada Limited
145 King Street West, Suite 1607
Toronto, Ontario M5H 1J8
Canada
ATTN: Managing Director

A description of the equipment covered by the document is attached thereto as Schedule 2.

~~A fee of $10.00 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:

Accompanied by Mark

NORTH AMERICAN CAR



Assignment dated as of March 31, 1982 to Lease of Railroad Equipment dated as of April 1, 1975 between North American Car Corporation, 33 West Monroe Street, Chicago, Illinois 60603, Assignor, and Manufacturers Hanover Leasing Canada Limited, 145 King Street West, Suite 1607, Toronto, Ontario M5H 1J8, Canada, Assignee and covering the equipment identified on Schedule 2 thereto.

Sincerely,

Edward H. Soderstrom II

EHS/dak
enclosures

RECORDATION NO. 13660 Filed 1425

JUN 11 1982 -2 00 PM

INTERSTATE COMMERCE COMMISSION

C E R T I F I C A T E

I hereby certify that I have compared this certified, true copy of the Assignment between North American Car Corporation (Canadian Railcar Division) and Manufacturers Hanover Leasing Canada Limited dated March 31, 1982 to the original of such Assignment and that this copy is a true and correct copy in all respects.

Debra A Kelly
Notary Public

(SEAL)

My Commission Expires February 23, 1983.

# ASSIGNMENT

THIS ASSIGNMENT OF LEASE made as of March 31, 1982, between NORTH AMERICAN CAR CORPORATION (Canadian Railcar Division), a Delaware corporation having its principal place of business in Canada at Calgary, Alberta (the "Assignor"), and MANUFACTURERS HANOVER LEASING CANADA LIMITED, a corporation continued under the laws of Canada having its principal place of business at Suite 1607, 145 King Street West, in the City of Toronto, Province of Ontario ("Manufacturers").

WHEREAS the Assignor entered into a Lease of Railroad Equipment (the "Lease") dated as of April 1, 1975 with CANADIAN PACIFIC LIMITED (the "Lessee"), a copy of which is attached as Schedule 1 hereto, providing for the lease by the Lessee of 594 railroad hopper cars;

AND WHEREAS certain of the railroad hopper cars have been lost, stolen, destroyed or otherwise removed from service under the Lease so that at the date hereof the 574 railroad hopper cars (the "Railcars") more particularly described in Schedule 2 hereto are being utilized by the Lessee under the Lease;

AND WHEREAS the Assignor has agreed to assign and transfer all of its rights, title and interest in and to the Railcars and the Lease to Manufacturers, subject always to the terms and conditions hereof.

NOW THEREFORE, for valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

## 1. ASSIGNMENT

The Assignor hereby sells, transfers, conveys and assigns to Manufacturers, its successors and assigns, absolutely, all of the Assignor's right, title and interest in and to and the benefit of:

(i) the Lease and any amendments thereto and any promissory notes, guarantees or other evidences of indebtedness collateral thereto;

(ii) all moneys due or to become due under the Lease (including any payments from the Lessee or any other source which indemnify for the termination of the Lease or the destruction, loss, damage, confiscation or removal from service of any of the Railcars), commencing with the rental payment due April 1, 1982;

(iii) all rights and remedies under the Lease; and

(iv) the Railcars,

the whole for and in consideration of the sum of US $7,234,409 (the "purchase price") which Manufacturers has undertaken to disburse to or as directed by the Assignor at the times and in the manner provided herein.

## 2. LEASE OBLIGATIONS

The Assignor agrees that Manufacturers does not, by this Agreement or otherwise, assume any obligations of the Assignor for performance under the Lease prior to the date hereof, including, without limitation, any obligations for the maintenance and repair of the Railcars, any risks or obligations relating to the damage or destruction of the Railcars or any claims of the Lessee or third parties relating to the use or operation of the Railcars or any defect therein. The Assignor agrees to honour all such obligations and to indemnify and save Manufacturers harmless from and against all claims, demands, losses, damages, costs and expenses whatsoever which Manufacturers may suffer or incur or which may be made against Manufacturers arising out of or in connection with any failure to perform such obligations prior to the date hereof or as a result of any breach of any representations, warranties or covenants made by the Assignor herein or in the Lease. Subject to the provisions of section 5 hereof, Manufacturers shall assume and fulfill all obligations of the Assignor under the Lease from and after the date hereof.

## 3. REPRESENTATIONS AND WARRANTIES

The Assignor covenants, represents and warrants to Manufacturers that:

3.1 The Assignor is a company duly incorporated, validly existing and in good standing under the laws of Delaware and has the corporate power and authority to own

its property and assets and to carry on its business as it is now being conducted.

3.2 The Assignor has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Agreement and of any bill of sale or other document delivered or to be delivered in connection herewith, has taken all necessary corporate action to authorize the execution and delivery hereof and thereof and this Agreement does and when executed and delivered, each such other document will, constitute a legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with its terms.

3.3 Neither the execution nor delivery of this Agreement or any other document contemplated herein, nor the transactions contemplated herein or therein, nor compliance with the terms and conditions hereof or thereof will:

(i) contravene any provision of law, or any statute, rule or regulation to which the Assignor is subject or any judgment, decree, franchise, order or permit applicable to it;

(ii) subject to the provisions of section 3.10, conflict with, or result in any breach of, or constitute a default under, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon the Railcars or the Lease or any payments thereunder pursuant to the terms of any agreement or other instrument to which it is a party or is subject or by which it or its property or assets may be bound; or

(iii) violate any provision of the instruments of incorporation, articles or by-laws of the Assignor.

3.4 The Lease is in full force and effect unamended and is a legal, valid and binding obligation of the parties thereto enforceable in accordance with its terms. There exists no event of default in the payment by the Lessee of any moneys to the Lessor under the Lease and to the best of the knowledge of the Assignor no other event of default exists and no event has occurred which would, with the giving of notice or lapse of time, or both, constitute an event of default under the Lease. The Assignor has not given any consents, approvals or waivers under or in respect of the Lease. The Lease does not contain any purchase or renewal options or privileges, nor have any such options or privileges been extended to the Lessee or otherwise.

3.5 There has been no prepayment of any future rent moneys or other moneys payable by the Lessee under the Lease, nor are there currently any disputes between the Assignor and the Lessee as to the payment of future rent. There are no rights of set-off or counterclaim existing in favour of the Lessee under the Lease or otherwise, nor has the Lessee given notice of or attempted to assert any such rights.

3.6 All covenants and obligations of any kind whatsoever on the Assignor's part to be performed under the Lease to the date hereof have been duly performed or fulfilled.

3.7 The Assignor has good and marketable title to the Railcars, free and clear of all liens, taxes, charges and encumbrances of any nature or kind whatsoever, save and except for the rights of the Lessee under the Lease and the rights of Harris Trust and Savings Bank pursuant to the Equipment Trust Certificates referred to in section 3.10 hereof. The Assignor has not assigned or purported to assign any of its rights under the Lease, except as provided herein.

3.8 The sale by the Assignor of the Railcars does not constitute a transfer in bulk within the meaning of any applicable bulk sales legislation.

3.9 No litigation, investigation or proceeding of or before any court, arbitrator or other authority or body is pending or threatened by or against the Assignor which, if adversely determined, would affect the transactions contemplated hereby.

3.10 No consents, releases or approvals are required from any public regulatory body or from any other third parties with respect to the entering into or performance of the transactions contemplated hereby except for the consent and release of Harris Trust and Savings Bank under Equipment Trust Certificates dated February 2, 1970, August 25, 1970 and January 7, 1971 respectively.

3.11 Rental payments by the Lessee to the Assignor under the Lease to the date hereof have not been subject to any Canadian withholding taxes or Provincial Sales taxes.

4. PAYMENT OF PURCHASE PRICE

Subject to the provisions of section 5 hereof, the purchase price for the Railcars and the Lease shall be paid by Manufacturers to the Assignor as follows:

(a) the sum of US $109,060 on or before April 1, 1982, receipt in full of which is hereby acknowledged;

(b) the sum of US $356,267 on or before July 1, 1982;

(c) the sum of US $356,268 on or before September 1, 1982;

(d) the sum of US $712,535 on or before October 1, 1982;

(e) the sum of US $2,137,604 on or before November 1, 1982; and

(f) the balance of the purchase price, being US $3,562,675, on or before December 1, 1982.

All such payments shall be made by Manufacturers by bank wire transfer to the Assignor at the address of the Assignor specified herein or otherwise as directed by the Assignor from time to time. Manufacturers represents and warrants that it has all necessary corporate power and authority to execute, deliver and carry out the terms of this Agreement, that all necessary corporate action has been taken in connection therewith and this Agreement constitutes a legal, valid and binding obligation of Manufacturers, enforceable in accordance with its terms.

5. CONDITIONS PRECEDENT TO PAYMENT OF PURCHASE PRICE

The obligation of Manufacturers to pay the instalment of the purchase price due July 1, 1982 shall be subject to the condition precedent that on or before such date Manufacturers shall have received or entered into the following, all in form and substance satisfactory to Manufacturers and duly executed where appropriate:

(a) certified copies of all corporate action taken by the Assignor to authorize the execution, delivery and performance of the Agreement and all documents contemplated herein;

(b) an incumbency certificate of the Assignor;

(c) a written acknowledgment from the Lessee as to the status of the Lease and the assignment thereof to Manufacturers;

(d) evidence that the Lease or notice thereof has been registered or recorded in all places necessary to preserve and perfect the interests of the Lessor therein and that all registrations and recordations necessary to preserve and perfect the transactions contemplated herein against third parties have been completed;

(e) the certificate of a senior officer of the Assignor, who shall be satisfactory to Manufacturers, dated July 1, 1982 stating (and it shall be the case) that the representations and warranties set forth herein are true and correct as if made on such date;

(f) all necessary consents, releases or other approvals of any third parties, including those required in section 3.10;

(g) the favourable opinion of counsel for the Assignor, who shall be satisfactory to Manufacturers, respecting the corporate existence and power of the Assignor, the due authorization, validity and enforceability of this Agreement, the title of the Assignor to the Railcars, the completion of all necessary negotiations and recordations and such other matters as Manufacturers, 'solicitors may reasonably require.

In the event that one or more of such conditions shall not have been fulfilled or performed (or waived by Manufacturers) on or before such date, Manufacturers may, in its sole discretion (i) suspend such payment for a period ending not later than July 15, 1982 while such conditions are being fulfilled or performed or (ii) declare this Agreement to be immediately terminated. If Manufacturers shall have elected to suspend such payment for a period ending not later than July 15, 1982 and such condition or conditions shall not have been fulfilled or performed (or waived by Manufacturers) prior to the close of business on July 15, 1982, this Agreement shall be deemed to have terminated for all purposes effective at the close of business on July 15, 1982. Upon such termination Manufacturers shall be deemed for all purposes to have

reconveyed and reassigned to the Assignor all of its right, title and interest, if any, in the Railcars and the Lease. The Assignor shall be entitled to retain the payment made pursuant to clause (a) of section 4 and Manufacturers shall forthwith pay to the Assignor an amount equal to all rentals and other payments actually received by Manufacturers from the Lessee under the Lease after April 1, 1982 with interest thereon at the prime rate from time to time of Canadian Imperial Bank of Commerce from the date of receipt to the date of payment; provided that Manufacturers shall have no obligation to convey any greater title to the Railcars or the Lease than it shall have acquired hereunder. Manufacturers shall forthwith do, make, and execute all such assignments, notices, bills of sale and other documents as the Assignor shall reasonably request to give effect to the reconveyance and reassignment herein. Any moneys which may be received by Manufacturers under the Lease subsequent to such reconveyance and reassignment shall be received by Manufacturers in trust for the Assignor and shall be paid to the Assignor forthwith. Upon such reconveyance and reassignment, all obligations and liabilities of either party to the other shall terminate.

6. FINANCIAL STATEMENTS

The Assignor covenants and agrees that, so long as the Lease remains outstanding, it shall:

(a) furnish to Manufacturers within 100 days after the end of each fiscal year a copy of its annual audited financial statements and the consolidated financial statements of Tiger International, Inc., consisting of at least a balance sheet, earnings statement, statement of source and application of funds accompanied by the report and opinion of their respective auditors; and

(b) furnish to Manufacturers within 60 days after the end of each of the first three fiscal quarters of the Assignor a copy of its unaudited financial statements as at the end of each quarter, consisting of at least a balance sheet and earnings statement, certified correct by the Chief Financial Officer of the Assignor.

7. SETTLEMENT OF CASUALTY OCCURRENCES

In accordance with the terms of the Lease, the Lessee shall be obligated to pay to Manufacturers the Casualty Value upon any Casualty Occurrence as those terms are defined in the Lease. If at any time the Casualty Value paid by the Lessee in respect of any Railcar subject to a Casualty Occurrence shall be less than the corresponding casualty value set forth on Schedule 3 hereto as at the applicable rental payment date the Assignor shall, upon written notice from Manufacturers, pay to Manufacturers such deficiency, it being intended that in no case should the net proceeds to Manufacturers upon a Casualty Occurrence be less than the amount set forth in Schedule 3 hereto.

If at any time the Casualty Value paid by the Lessee to Manufacturers shall exceed the corresponding casualty value set forth on Schedule 2 hereto as at the applicable rental payment date, Manufacturers shall, if the Assignor shall not be in default under the provisions of this section, forthwith pay to the Assignor the excess, it being intended that in no case should the net proceeds to Manufacturers upon a Casualty Occurance exceed the amount set forth in Schedule 3 hereto.

8. INTEREST ON OVERDUE RENTALS

In accordance with the terms of the Lease, the Lessee is obligated to pay an amount equal to 12% per annum on overdue rentals and other obligations under the Lease. The Assignor covenants and agrees that, should Manufacturers, in its sole discretion, determine to make such charge for overdue rentals, the Assignor shall pay to Manufacturers on demand such additional amount as shall result in Manufacturers receiving the equivalent of 1.67% per month on such overdue rentals and other obligations; provided that under no circumstances shall the Assignor be obligated to pay more than US $730.70 per month for a maximum of 96 months from the date hereof in respect of overdue rentals.

9. CONSULTATION AND INSPECTION

Manufacturers and the Assignor shall from time to time consult with each other concerning the performance by

the Lessee of its obligations under the Lease. Manufacturers shall, upon the reasonable request of the Assignor, permit the Assignor and its authorized employees to exercise the rights of inspection, if any, afforded Manufacturers under the Lease provided that the Assignor shall indemnify and save harmless Manufacturers from any losses, damages, liabilities or expenses whatsoever arising from the actions of the Assignor or its employees.

10. FURTHER ASSURANCES AND DEALINGS

Subject always to the terms of this Agreement, Manufacturers shall be the absolute owner of the Railcars and the Lease and shall be entitled to grant extensions of time or other indulgences, take and give up securities, grant releases and otherwise deal with the Lessee and with others in any manner it shall see fit without in any way affecting or releasing or diminishing the obligations of the Assignor hereunder.

The Assignor shall forthwith on Manufacturers request do, make and execute all such further assignments, documents, acts, matters and things as may be required by Manufacturers for the assigning, transferring, conveying and confirming to Manufacturers the rights and benefits intended to be transferred, conveyed and assigned hereunder and the Assignor hereby constitutes and appoints any of the officers of Manufacturers for the time being the true and lawful attorney of the Assignor irrevocable with full power of substitution to do, make and execute all such assignments, documents, acts or things with the right to use the name of the Assignor whenever and wherever it may be deemed necessary or expedient for such purposes. Without limitation, to the extent necessary Manufacturers may in the name of the Assignor collect, sue for realize upon all moneys as agreed hereunder without the necessity of any further action or direction of the Assignor. The Assignor accepts and agrees that if it should receive any moneys payable under or in respect of the Lease which are assigned to Manufacturers hereunder, the same shall be received and held in trust for Manufacturers and shall be forthwith paid over to Manufacturers.

11. NOTICE

Any notice required or permitted to be given hereunder shall be in writing and shall be sufficiently

given if delivered by hand or if mailed by prepaid, registered mail and addressed to the parties at the following addresses, or to such other addresses as the parties may advise each other from time to time in writing:

NORTH AMERICAN CAR CORPORATION
33 West Monroe Street
Chicago, Illinois 60603

Attention: Vice President - Finance

MANUFACTURERS HANOVER LEASING CANADA LIMITED
145 King Street West, Suite 1607,
Toronto, Ontario M5H 1J8

Attention: Managing Director

Any such notices shall be deemed to have been received (i) if hand delivered on the date of delivery, or (ii) if mailed as aforesaid on the third business day following the date of mailing, provided that the Canadian postal service is in full operation on the date of mailing and on the date of deemed receipt of such notice.

12. LEGAL FEES

The Assignor agrees to pay all reasonable legal fees and disbursements now or hereafter paid or incurred by Manufacturers in respect of this Agreement and the transactions contemplated herein up to but not exceeding US $7000, whether or not the transactions contemplated by this Agreement shall be consummated.

13. SURVIVAL OF REPRESENTATIONS

All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the completion of the transactions contemplated herein.

14. SEVERABILITY

Any provision of this Agreement prohibited by law shall become, as to that provision, ineffective to the extent of such prohibition without invalidating the remaining provisions of this Agreement.

15. SUCCESSORS AND ASSIGNS

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto but shall not be assignable by the Assignor without the prior written consent of Manufacturers or by Manufacturers prior to the payment of the final installment of the purchase price specified in section 4 hereof except in connection with the assignment by Manufacturers of all or substantially all of its assets to a Canadian chartered bank.

16. GOVERNING LAW

This Agreement shall be governed and interpreted in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

NORTH AMERICAN CAR CORPORATION

By: J. F. Compton c/s

By: Asst. Secy. c/s

MANUFACTURERS HANOVER LEASING CANADA LIMITED

By: c/s

By: R. A. Morreale c/s

R. A. MORREALE
CONTROLLER

# LEASE OF RAILROAD EQUIPMENT

THIS LEASE OF RAILROAD EQUIPMENT dated as of April 1, 1975 between NORTH AMERICAN CAR CORPORATION (CANADIAN RAILCAR DIVISION), a Delaware corporation, (hereinafter called "Lessor") and CANADIAN PACIFIC LIMITED, a corporation incorporated under the laws of Canada (hereinafter called "Lessee").

W I T N E S S E T H:

WHEREAS, Lessor owns the railroad equipment (hereinafter collectively called the "Units" and hereinafter individually called "Unit") described in Schedules A and B attached hereto, and Lessor desires to lease the Units to Lessee for the rentals and on the terms and conditions herein set forth; and

WHEREAS, Lessee desires to lease the Units from Lessor for the rentals and on the terms and the conditions hereinafter provided;

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 Lessee, Lessor hereby leases the Units to Lessee on the following terms and conditions:

1. NET LEASE. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease 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 of or destruction of all or any of the Units from whatsoever cause, 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 or lack of right, power or authority of the Lessor to enter into this Lease or by reason of any failure by the Lessor to perform any of its obligations hereincontained, 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.

2. ACCEPTANCE OF UNITS. Lessee hereby accepts delivery of the Units and hereby acknowledges that the Units comply with the specifications therefor and are in first class working order and ready for service.

3. RENTALS. The Lessee agrees to pay to the Lessor, in such coin or currency of the United States of America as, at the time payable, shall be legal tender for the payment of public and private debts, as rental, 180 consecutive monthly payments in advance, payable on the first day of each month commencing April 1, 1975 with respect to the Units described in Schedule A hereto; and 180 consecutive monthly payments in advance, payable on the first day of each month commencing July 1, 1975 with respect to the Units described in Schedule B hereto. The monthly rental payments shall each be in an amount equal to $190.00 per Unit. 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, and no interest shall accrue for the period from and after the nominal date for payment thereof to such next succeeding business day. The Lessee shall make all rental and other payments provided for in this Lease by bank wire transfer to Lessor at its address shown in Section 18 hereof, or at such other address as the Lessor shall verify in writing. The Lessee agrees to make each such payment in immediately available funds in the city where such payment is to be made.

4. TERM OF LEASE. The term of this Lease as to each Unit described in Schedule A hereto shall begin on April 1, 1975, and shall terminate on March 31, 1990, and the term of this Lease as to each Unit described in Schedule B hereto shall begin on July 1, 1975 and shall end on June 30, 1990.

5. TITLE TO THE UNITS. Lessor has full legal title to the Units, and it is understood that Lessee shall have no right, title or interest except hereunder notwithstanding the delivery of the Units to and possession and use thereof by Lessee.

6. IDENTIFICATION MARKS. The Lessee will cause the Units to be kept numbered with the identifying numbers set forth in Schedules A and B hereto and will keep and maintain plainly, distinctly, permanently and conspicuously by a plate on each side of such Unit, in letters not less than one inch in height, the words "THIS CAR IS MORTGAGED TO A TRUSTEE AND DEED OF TRUST RECORDED UNDER SECTION 20c OF THE INTERSTATE COMMERCE ACT" 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 or reasonably requested in order to protect the title of the Lessor to the Units and the rights of the Lessor under this Lease. The Lessee will not place any such 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 or permit to be changed the identifying number of any Unit except in accordance with a statement of new numbers to be substituted therefor, which statement shall previously have been filed with and approved by the Lessor and filed, recorded and deposited by the Lessee in all public offices where such filing, recordation or deposit shall then be reasonably required or reasonably deemed appropriate by Lessor in order to protect the rights of Lessor.

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 designation that might be interpreted as a claim of ownership, provided, however, that the Lessee may allow the Units to be lettered with the names or initials or other insignia customarily used by the Lessee on railroad equipment used by it if of the same or a similar type for convenience of identification of its respective rights to use the Units as permitted under this Lease.

7. TAXES. The rentals and other amounts otherwise required to be borne by the Lessee under this Lease are exclusive of all present and future taxes, assessments, fees, duties and charges, (hereinafter called "Imposts"), levied and imposed by the United States or Canada, any state, governmental unit, agency, instrumentality or other taxing jurisdiction thereof:

(i) with respect to this Lease;

(ii) upon any Unit or Units or any interest of the Lessor and the Lessee therein;

(iii) upon or on account of the sale, purchase, lease, transfer, ownership, possession, use, operation, maintenance, registration, delivery or return of the Unit or Units to or by the Lessor or the Lessee, excepting that the Lessee shall not be liable for any taxes resulting from any sale or other disposition of the Units by the Lessor.

(iv) on account of or measured by the earnings or gross receipts arising from the ownership, lease, possession or use of the Unit or Units, or the value added thereto, other than taxes imposed on or measured by the net income of the Lessor or withholding taxes with respect to rental or other payments hereunder, except any such net income tax which is in substitution for, or relieves the Lessee from the payment of, any tax or other charge which the Lessee would otherwise be obligated to bear under this Section 7.

The Lessee shall bear the burden and make timely remittances to appropriate tax collectors of all such Imposts and file

timely, with each appropriate taxing jurisdiction, all returns, statements and reports legally required with respect thereto, and shall bear the burden of and remit any interest, fines and penalties exacted because of the Lessee's failure to discharge timely the Lessee's obligations hereunder. In addition, the Lessee shall indemnify and hold the Lessor harmless from all taxes imposed under the laws of the United States or Canada, or any state, governmental unit, agency, instrumentality or taxing jurisdiction thereof incurred by the Lessor by virtue of the Lessee's payment of any such Imposts, fines, interest, penalties or charge.

The Lessee shall not be required to remit to any taxing jurisdiction any Impost, when remittance may not legally be withheld, if and so long as the Lessee shall in good faith, with due diligence, and by appropriate judicial or administrative proceedings, contest the validity, applicability, or amount thereof; provided, however, no Impost shall be judicially or administratively contested without the prior concurrence of the Lessor, which concurrence shall not unreasonably be withheld.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings, and remittances, or furnish other evidence satisfactory to the Lessor, of the Lessee's performance of its duties under this Section 7, provided the Lessor shall pay any significant costs of the Lessee in preparing and delivering such evidence. The Lessee shall also furnish, promptly upon request, such data relating to any Unit or Units as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of any taxing jurisdiction.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties imposed on the Lessee by this Section 7, the Lessor hereby authorizes the Lessee to act in the name and on behalf of the Lessor; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith, as a result of, or incident to any action by the Lessee pursuant to this authorization. In the event that, during the term of this Lease, Lessee becomes liable for the payment of any Impost, pursuant to this Section 7, such liability shall continue, notwithstanding the expiration of this Lease, until all such Imposts are paid by Lessee.

8. PAYMENT FOR CASUALTY OCCURRENCES. Whenever 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, the Lessee shall, within

30 days after it shall have been determined that such Unit has suffered a Casualty Occurrence, notify the Lessor with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Lessor an amount equal to the accrued rental for such Unit to such rental payment date plus a sum equal to the Casualty Value of such Unit as of such rental payment date in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and title to such Unit shall remain in the Lessor.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 14 hereof, the Lessee shall, promptly after it shall have determined that such Unit has suffered a Casualty Occurrence, notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit as of the rental payment date next preceding such Casualty Occurrence. Upon the making of any such payment by the Lessee in respect of any Unit, title to such Unit shall remain in the Lessor.

The Casualty Value of each Unit as of any rental payment date shall be that dollar amount per Unit as is set forth in the following schedule opposite the rental payment date:

(See Schedule on following pages)

## SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 4/1/75 | $ 18,337.50 | 5/1/77 | $ 17,400.00 |
| 5/1/75 | 18,300.00 | 6/1/77 | 17,362.50 |
| 6/1/75 | 18,262.50 | 7/1/77 | 17,325.00 |
| 7/1/75 | 18,225.00 | 8/1/77 | 17,287.50 |
| 8/1/75 | 18,187.50 | 9/1/77 | 17,250.00 |
| 9/1/75 | 18,150.00 | 10/1/77 | 17,212.50 |
| 10/1/75 | 18,112.50 | 11/1/77 | 17,175.00 |
| 11/1/75 | 18,075.00 | 12/1/77 | 17,137.50 |
| 12/1/75 | 18,037.50 | 1/1/78 | 17,100.00 |
| 1/1/76 | 18,000.00 | 2/1/78 | 17,062.50 |
| 2/1/76 | 17,962.50 | 3/1/78 | 17,025.00 |
| 3/1/76 | 17,925.00 | 4/1/78 | 16,987.50 |
| 4/1/76 | 17,887.50 | 5/1/78 | 16,950.00 |
| 5/1/76 | 17,850.00 | 6/1/78 | 16,912.50 |
| 6/1/76 | 17,812.50 | 7/1/78 | 16,875.00 |
| 7/1/76 | 17,775.00 | 8/1/78 | 16,837.50 |
| 8/1/76 | 17,737.50 | 9/1/78 | 16,800.00 |
| 9/1/76 | 17,700.00 | 10/1/78 | 16,762.50 |
| 10/1/76 | 17,662.50 | 11/1/78 | 16,725.00 |
| 11/1/76 | 17,625.00 | 12/1/78 | 16,687.50 |
| 12/1/76 | 17,587.50 | 1/1/79 | 16,650.00 |
| 1/1/77 | 17,550.00 | 2/1/79 | 16,612.50 |
| 2/1/77 | 17,512.50 | 3/1/79 | 16,575.00 |
| 3/1/77 | 17,475.00 | 4/1/79 | 16,537.50 |
| 4/1/77 | 17,437.50 | 5/1/79 | 16,500.00 |

SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 6/1/79 | $ 16,462.50 | 7/1/81 | $ 15,525.00 |
| 7/1/79 | 16,425.00 | 8/1/81 | 15,487.50 |
| 8/1/79 | 16,387.50 | 9/1/81 | 15,450.00 |
| 9/1/79 | 16,350.00 | 10/1/81 | 15,412.50 |
| 10/1/79 | 16,312.50 | 11/1/81 | 15,375.00 |
| 11/1/79 | 16,275.00 | 12/1/81 | 15,337.50 |
| 12/1/79 | 16,237.50 | 1/1/82 | 15,300.00 |
| 1/1/80 | 16,200.00 | 2/1/82 | 15,262.50 |
| 2/1/80 | 16,162.50 | 3/1/82 | 15,225.00 |
| 3/1/80 | 16,125.00 | 4/1/82 | 15,187.50 |
| 4/1/80 | 16,087.50 | 5/1/82 | 15,150.00 |
| 5/1/80 | 16,050.00 | 6/1/82 | 15,112.50 |
| 6/1/80 | 16,012.50 | 7/1/82 | 15,075.00 |
| 7/1/80 | 15,975.00 | 8/1/82 | 15,037.50 |
| 8/1/80 | 15,937.50 | 9/1/82 | 15,000.00 |
| 9/1/80 | 15,900.00 | 10/1/82 | 14,874.17 |
| 10/1/80 | 15,862.50 | 11/1/82 | 14,748.34 |
| 11/1/80 | 15,825.00 | 12/1/82 | 14,622.51 |
| 12/1/80 | 15,787.50 | 1/1/83 | 14,496.68 |
| 1/1/81 | 15,750.00 | 2/1/83 | 14,370.85 |
| 2/1/81 | 15,712.50 | 3/1/83 | 14,245.02 |
| 3/1/81 | 15,675.00 | 4/1/83 | 14,119.19 |
| 4/1/81 | 15,637.50 | 5/1/83 | 13,993.36 |
| 5/1/81 | 15,600.00 | 6/1/83 | 13,867.53 |
| 6/1/81 | 15,562.50 | 7/1/83 | 13,741.70 |

SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 8/1/83 | $ 13,615.87 | 9/1/85 | $ 10,470.12 |
| 9/1/83 | 13,490.04 | 10/1/85 | 10,344.29 |
| 10/1/83 | 13,364.21 | 11/1/85 | 10,218.46 |
| 11/1/83 | 13,238.38 | 12/1/85 | 10,092.63 |
| 12/1/83 | 13,112.55 | 1/1/86 | 9,966.80 |
| 1/1/84 | 12,986.72 | 2/1/86 | 9,840.97 |
| 2/1/84 | 12,860.89 | 3/1/86 | 9,715.14 |
| 3/1/84 | 12,735.06 | 4/1/86 | 9,589.31 |
| 4/1/84 | 12,609.23 | 5/1/86 | 9,463.48 |
| 5/1/84 | 12,483.40 | 6/1/86 | 9,337.65 |
| 6/1/84 | 12,357.57 | 7/1/86 | 9,211.82 |
| 7/1/84 | 12,231.74 | 8/1/86 | 9,085.99 |
| 8/1/84 | 12,105.91 | 9/1/86 | 8,960.16 |
| 9/1/84 | 11,980.08 | 10/1/86 | 8,834.33 |
| 10/1/84 | 11,854.25 | 11/1/86 | 8,708.50 |
| 11/1/84 | 11,728.42 | 12/1/86 | 8,582.67 |
| 12/1/84 | 11,602.59 | 1/1/87 | 8,456.84 |
| 1/1/85 | 11,476.76 | 2/1/87 | 8,331.01 |
| 2/1/85 | 11,350.93 | 3/1/87 | 8,205.18 |
| 3/1/85 | 11,225.10 | 4/1/87 | 8,079.35 |
| 4/1/85 | 11,099.27 | 5/1/87 | 7,953.52 |
| 5/1/85 | 10,973.44 | 6/1/87 | 7,827.69 |
| 6/1/85 | 10,847.61 | 7/1/87 | 7,701.86 |
| 7/1/85 | 10,721.78 | 8/1/87 | 7,576.03 |
| 8/1/85 | 10,595.95 | 9/1/87 | 7,450.20 |

SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 10/1/87 | $ 7,324.37 | 1/1/89 | $ 5,436.92 |
| 11/1/87 | 7,198.54 | 2/1/89 | 5,311.09 |
| 12/1/87 | 7,072.71 | 3/1/89 | 5,185.26 |
| 1/1/88 | 6,946.88 | 4/1/89 | 5,059.43 |
| 2/1/88 | 6,821.05 | 5/1/89 | 4,933.60 |
| 3/1/88 | 6,695.22 | 6/1/89 | 4,807.77 |
| 4/1/88 | 6,569.39 | 7/1/89 | 4,681.94 |
| 5/1/88 | 6,443.56 | 8/1/89 | 4,556.11 |
| 6/1/88 | 6,317.73 | 9/1/89 | 4,430.28 |
| 7/1/88 | 6,191.90 | 10/1/89 | 4,304.45 |
| 8/1/88 | 6,066.07 | 11/1/89 | 4,178.62 |
| 9/1/88 | 5,940.24 | 12/1/89 | 4,052.79 |
| 10/1/88 | 5,814.41 | 1/1/90 | 3,926.96 |
| 11/1/88 | 5,688.58 | 2/1/90 | 3,801.13 |
| 12/1/88 | 5,562.75 | 3/1/90 | 3,675.30 |

The Casualty Value of each Unit described in Schedule B hereto as of any rental payment date shall be that dollar amount per Unit as is set forth in the following schedule opposite the rental payment date:

(See Schedule on following pages)

## SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 7/1/75 | $ 18,337.50 | 8/1/77 | $ 17,400.00 |
| 8/1/75 | 18,300.00 | 9/1/77 | 17,362.50 |
| 9/1/75 | 18,262.50 | 10/1/77 | 17,325.00 |
| 10/1/75 | 18,225.00 | 11/1/77 | 17,287.50 |
| 11/1/75 | 18,187.50 | 12/1/77 | 17,250.00 |
| 12/1/75 | 18,150.00 | 1/1/77 | 17,212.50 |
| 1/1/75 | 18,112.50 | 2/1/77 | 17,175.00 |
| 2/1/75 | 18,075.00 | 3/1/77 | 17,137.50 |
| 3/1/75 | 18,037.50 | 4/1/78 | 17,100.00 |
| 4/1/76 | 18,000.00 | 5/1/78 | 17,062.50 |
| 5/1/76 | 17,962.50 | 6/1/78 | 17,025.00 |
| 6/1/76 | 17,925.00 | 7/1/78 | 16,987.50 |
| 7/1/76 | 17,887.50 | 8/1/78 | 16,950.00 |
| 8/1/76 | 17,850.00 | 9/1/78 | 16,912.50 |
| 9/1/76 | 17,812.50 | 10/1/78 | 16,875.00 |
| 10/1/76 | 17,775.00 | 11/1/78 | 16,837.50 |
| 11/1/76 | 17,737.50 | 12/1/78 | 16,800.00 |
| 12/1/76 | 17,700.00 | 1/1/78 | 16,762.50 |
| 1/1/76 | 17,662.50 | 2/1/78 | 16,725.00 |
| 2/1/76 | 17,625.00 | 3/1/78 | 16,687.50 |
| 3/1/76 | 17,587.50 | 4/1/79 | 16,650.00 |
| 4/1/77 | 17,550.00 | 5/1/79 | 16,612.50 |
| 5/1/77 | 17,512.50 | 6/1/79 | 16,575.00 |
| 6/1/77 | 17,475.00 | 7/1/79 | 16,537.50 |
| 7/1/77 | 17,437.50 | 8/1/79 | 16,500.00 |

SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 9/1/79 | $ 16,462.50 | 10/1/81 | $ 15,525.00 |
| 10/1/79 | 16,425.00 | 11/1/81 | 15,487.50 |
| 11/1/79 | 16,387.50 | 12/1/81 | 15,450.00 |
| 12/1/79 | 16,350.00 | 1/1/81 | 15,412.50 |
| 1/1/79 | 16,312.50 | 2/1/81 | 15,375.00 |
| 2/1/79 | 16,275.00 | 3/1/81 | 15,337.50 |
| 3/1/79 | 16,237.50 | 4/1/82 | 15,300.00 |
| 4/1/80 | 16,200.00 | 5/1/82 | 15,262.50 |
| 5/1/80 | 16,162.50 | 6/1/82 | 15,225.00 |
| 6/1/80 | 16,125.00 | 7/1/82 | 15,187.50 |
| 7/1/80 | 16,087.50 | 8/1/82 | 15,150.00 |
| 8/1/80 | 16,050.00 | 9/1/82 | 15,112.50 |
| 9/1/80 | 16,012.50 | 10/1/82 | 15,075.00 |
| 10/1/80 | 15,975.00 | 11/1/82 | 15,037.50 |
| 11/1/80 | 15,937.50 | 12/1/82 | 15,000.00 |
| 12/1/80 | 15,900.00 | 1/1/82 | 14,874.17 |
| 1/1/80 | 15,862.50 | 2/1/82 | 14,748.34 |
| 2/1/80 | 15,825.00 | 3/1/82 | 14,622.51 |
| 3/1/80 | 15,787.50 | 4/1/83 | 14,496.68 |
| 4/1/81 | 15,750.00 | 5/1/83 | 14,370.85 |
| 5/1/81 | 15,712.50 | 6/1/83 | 14,245.02 |
| 6/1/81 | 15,675.00 | 7/1/83 | 14,119.19 |
| 7/1/81 | 15,637.50 | 8/1/83 | 13,993.36 |
| 8/1/81 | 15,600.00 | 9/1/83 | 13,867.53 |
| 9/1/81 | 15,562.50 | 10/1/83 | 13,741.70 |

SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 11/1/83 | $ 13,615.87 | 12/1/85 | $ 10,470.12 |
| 12/1/83 | 13,490.04 | 1/1/85 | 10,344.29 |
| 1/1/83 | 13,364.21 | 2/1/85 | 10,218.46 |
| 2/1/83 | 13,238.38 | 3/1/85 | 10,092.63 |
| 3/1/83 | 13,112.55 | 4/1/86 | 9,966.80 |
| 4/1/84 | 12,986.72 | 5/1/86 | 9,840.97 |
| 5/1/84 | 12,860.89 | 6/1/86 | 9,715.14 |
| 6/1/84 | 12,735.06 | 7/1/86 | 9,589.31 |
| 7/1/84 | 12,609.23 | 8/1/86 | 9,463.48 |
| 8/1/84 | 12,483.40 | 9/1/86 | 9,337.65 |
| 9/1/84 | 12,357.57 | 10/1/86 | 9,211.82 |
| 10/1/84 | 12,231.74 | 11/1/86 | 9,085.99 |
| 11/1/84 | 12,105.91 | 12/1/86 | 8,960.16 |
| 12/1/84 | 11,980.08 | 1/1/86 | 8,834.33 |
| 1/1/84 | 11,854.25 | 2/1/86 | 8,708.50 |
| 2/1/84 | 11,728.42 | 3/1/86 | 8,582.67 |
| 3/1/84 | 11,602.59 | 4/1/87 | 8,456.84 |
| 4/1/85 | 11,476.76 | 5/1/87 | 8,331.01 |
| 5/1/85 | 11,350.93 | 6/1/87 | 8,205.18 |
| 6/1/85 | 11,225.10 | 7/1/87 | 8,079.35 |
| 7/1/85 | 11,099.27 | 8/1/87 | 7,953.52 |
| 8/1/85 | 10,973.44 | 9/1/87 | 7,827.69 |
| 9/1/85 | 10,847.61 | 10/1/87 | 7,701.86 |
| 10/1/85 | 10,721.78 | 11/1/87 | 7,576.03 |
| 11/1/85 | 10,595.95 | 12/1/87 | 7,450.20 |

SCHEDULE OF CASUALTY VALUES

| After Rental Payment Dated | Amount per Unit | After Rental Payment Dated | Amount per Unit |
|---|---|---|---|
| 1/1/87 | $ 7,324.37 | 4/1/89 | $ 5,436.92 |
| 2/1/87 | 7,198.54 | 5/1/89 | 5,311.09 |
| 3/1/87 | 7,072.71 | 6/1/89 | 5,185.26 |
| 4/1/88 | 6,946.88 | 7/1/89 | 5,059.43 |
| 5/1/88 | 6,821.05 | 8/1/89 | 4,933.60 |
| 6/1/88 | 6,695.22 | 9/1/89 | 4,807.77 |
| 7/1/88 | 6,569.39 | 10/1/89 | 4,681.94 |
| 8/1/88 | 6,443.56 | 11/1/89 | 4,556.11 |
| 9/1/88 | 6,317.73 | 12/1/89 | 4,430.28 |
| 10/1/88 | 6,191.90 | 1/1/89 | 4,304.45 |
| 11/1/88 | 6,066.07 | 2/1/89 | 4,178.62 |
| 12/1/88 | 5,940.24 | 3/1/89 | 4,052.79 |
| 1/1/88 | 5,814.41 | 4/1/90 | 3,926.96 |
| 2/1/88 | 5,688.58 | 5/1/90 | 3,801.13 |
| 3/1/88 | 5,562.75 | 6/1/90 | 3,675.30 |

Except as hereinabove in this Section 8 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 after delivery to and acceptance thereof by the Lessee hereunder.

Any damage payments from others, any condemnation payments and any net insurance proceeds in respect of insurance carried by or on behalf of the Lessee, received by the Lessor in respect of Units suffering a Casualty Occurrence (all hereinafter collectively referred to as Recoveries), shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 8. The excess of such condemnation payments, if any, after deduction of payments received from the Lessee in respect of Casualty Occurrences, shall belong to the Lessor and the excess of such damage payments or net insurance proceeds, after deduction of payments received from the Lessee in respect of Casualty Occurrences, shall belong to the Lessor. If the Lessor shall receive any such Recoveries after the Lessee shall have made payments pursuant to this Section 8 without deduction for such Recoveries, the Lessor shall pay such Recoveries to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such Recoveries (except any balance of damage payments or net insurance proceeds, which shall be paid to the Lessee) shall remain the property of the Lessor. All proceeds of insurance received by the Lessor in respect of insurance carried on any Unit or Units not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

9. INSURANCE. The Lessee will cause to be carried and maintained for the benefit of the Lessor policies of insurance on the Units subject to this Lease insuring the Lessor against loss or damage resulting from risks comparable to those risks insured against by the Lessee on other cars owned or leased by the Lessee, in an amount at least equal to the Casualty Value from time to time of such Units; provided, however, that the Lessee may self insure to the same extent that it does with respect to other similar equipment owned by it. Subject to the proviso set forth in the immediately preceding sentence, the Lessee will pay the premiums of such insurance and deliver to the Lessor at least once in every year, a certificate signed by a responsible officer of the Lessor (i) stating that insurance is in effect as to such Units and showing the amount or amounts thereof and (ii) naming the insurer or insurers. If the Lessee shall fail to maintain such insurance, the Lessor may (but shall be under no obligation so to do) cause the Units to be insured in such amount as the Lessor shall deem advisable for its protection and may demand and recover from the Lessee the premiums on such insurance plus any expense incurred by the Lessor in order to pay such premiums.

9a. ANNUAL REPORTS: ETC. On or before April 1 in each year, commencing with the year 1976, the Lessee will furnish to the Lessor, in such number of counterparts or copies as may reasonably be requested, a certificate of a responsible officer of the Lessee, dated as of the preceding December 31, (i) showing the amount, description and numbers of all Units then subject to this Lease, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the 12-month period ending on such December 31 (or during the period commencing on the date of this Lease and ending on December 31, 1975 in the case of the first such certificate) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during such period, the markings required by Section 6 hereof have been preserved or replaced. The Lessor shall have the right at its sole cost, risk and expense, by its agents, but shall not be under any obligation and shall not incur any liability or obligation by reason of its failure, to inspect the Units and the records of the Lessee with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

The Lessee will also furnish to the Lessor promptly upon the sending, making available, or filing of the same, all such reports and financial statements as the Lessee shall send or make available to its stockholders and from time to time such other information as the Lessor may reasonably request, provided the Lessor shall reimburse the Lessee for any significant costs of preparing and delivering such other information.

10. DISCLAIMER OF WARRANTIES: COMPLIANCE WITH LAWS, RULES AND REGULATIONS: MAINTENANCE: INDEMNIFICATION: REPRESENTATIONS AND WARRANTIES. THE LESSOR MAKES NO WARRANTY OR REPRESENTA-

TION, 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 ITS TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR LESSEE'S RIGHT TO QUIET ENJOYMENT THEREOF, OR ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact, during the term of this Lease so long as an Event of Default shall not have occurred and be continuing, 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 of the components thereof. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units as set forth in Section 2 is conclusive evidence as between the Lessee and the Lessor that all Units 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.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of the Department of Transportation, and the Transport Commission and the Interstate Commerce Commission, if applicable, and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operation or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, the Lessee's employees or any other person. In the event that such laws or rules require the alteration of any Unit or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws and rules, the Lessee

agrees to make such alterations, changes, additions and replacements at its own expense and to use, maintain and operate such Unit in full compliance with such laws and rules so long as such Unit is subject to this Lease; 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, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good order and repair, suitable for use in unrestricted interchange and each Unit shall be returned to Lessor at the termination of the Lease in such condition, reasonable wear and tear excepted. Said maintenance shall include, but not be limited to maintenance of all interior devices existing in the Units in good working order and the maintenance of the interior lining in the Units in condition appropriate for the service to which the Units may be assigned. Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any permanent structual change in the design, construction or body of the Units or appurtenances thereto.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit and, without cost or expense to the Lessor, there shall immediately be vested in the Lessor the same interests in such accessions as the interests of the Lessor in such Unit. The Lessee may make alterations or modifications to any Unit so long as they do not affect the value of such Unit adversely.

The Lessee agrees to indemnify and save harmless the Lessor against any charge, claim, damage, injury, expense, loss or liability (including but not limited to strict liability imposed by statute or rule of law, counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or performing this Lease or any of the instruments or agreements referred to herein or contemplated hereby or the ownership of, or which may arise in any manner out of or as the result of the acquisition, purchase, use, operation, condition, delivery, rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee in accordance with the terms hereof, whichever is later, and to indemnify and save harmless the Lessor against any charge, claim, damage, injury, expense, loss or liability (including but not limited to strict liability imposed by statute or rule of law, counsel fees and expenses) on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to

property, or injury to or death of any person. The indemnities contained in this paragraph shall survive payment of all other obligations under this Lease and the termination of this Lease.

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, and furnish a copy to, the Lessor) any and all reports known by the Lessee to be required to be filed by the Lessor, or requested by the Lessor to be filed, with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing of the Units to the Lessee.

The Lessee represents and warrants to and for the benefit of the Lessor that:

A. The Lessee is a corporation legally incorporated, validly existing and in good standing under the laws of the Dominion of Canada with full power (corporate and other) to enter into this Lease, and the Lessee is duly qualified to do business as a foreign corporation and is in good standing under the laws of the State of Illinois and such other states or jurisdiction where the nature of its business or the ownership of its properties requires such qualification;

B. This Lease has been duly authorized, executed and delivered by the Lessee and it constitutes a valid, legal and binding agreement of the Lessee, enforceable in accordance with its terms;

C. No approval is required from any public regulatory body with respect to the entering into or performance of this Lease;

D. The entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, nor will such action result in a violation of the provisions of the certificate of incorporation or the by-laws of the Lessee or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Lessee or any of its properties;

E. No mortgage, deed of trust or other lien of any nature whatsoever (other than such as may be created by the Lessor) 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 Lessor's

right, title and interest therein; and

F. No proceedings are pending or threatened against the Lessee before any court or governmental agency or body which would materially adversely affect the Lessee's condition or operations so as to materially adversely affect the Lessee's ability to perform its obligations hereunder; and

G. Lessee has delivered an opinion of Frank Kennerly, Solicitor for Lessee, to Lessor, addressed to the Lessor, in scope and substance satisfactory to the Lessor to the effect set forth in clauses A through F in this Section 10.

11. DEFAULT. If, during the continuance of this Lease, one or more of the following events (hereinsometimes called Events of Default) shall occur:

A. The Lessee shall default in the payment of any part of the rental provided for in Section 3 or 17 hereof or in the payment of any part of the Casualty Value of any Unit provided for in Section 8 hereof; or

B. The Lessee shall make or permit any assignment or transfer of this Lease or any sublease or use of any of the Units otherwise than as permitted by Section 13 hereof; or

C. The Lessee shall default in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 15 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

D. Any representation or warranty made by the Lessee herein or in any document or certificate furnished the Lessor in connection herewith or pursuant hereto shall prove to be incorrect as of the time when made in any material respect unless the same shall be remedied without any damage to the Lessor within 15 days after written notice thereof to the Lessee; or

E. The Lessee shall default (as principal or guarantor or other surety) in the payment of any principal of or premium, if any, or interest on any indebtedness in respect of borrowed money or in the observance or performance of any of the covenants, conditions or agreements contained in any evidence of such indebtedness or of any mortgage, indenture or other agreement relating thereto, and such default shall result in such indebtedness becoming or being declared due and payable prior to the

date on which it would otherwise become due and payable, except that such default shall not constitute an Event of Default hereunder unless at the time of such default at least 25% in number of the aggregate of (i) all evidences of such indebtedness or other agreements relating thereto and (ii) all leases providing for aggregate rental payments over the term thereof, from the Lessee to a lessor, include, as an event or events of default thereunder, a default or defaults of the same or similar kind provided for in this subparagraph E and/or subparagraph F below; or

F. The Lessee shall default in the payment of rent under any lease which provides for payments from Lessee to a lessor, or the Lessee shall default in the observance or performance of any of the covenants, conditions or agreements contained in such a lease and such default shall result in such lease being declared in default or such lessor exercising any of its remedies thereunder, except that such default shall not constitute an Event of Default hereunder unless at the time of such default at least 25% in number of the aggregate of (i) all evidences of such indebtedness or other agreements relating thereto and (ii) all leases providing for rental payments from the Lessee to a lessor include, as an event or events of default thereunder, a default or defaults of the same or similar kind provided for in this subparagraph F and/or subparagraph E above; or

G. The Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or the Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding, or the Lessee shall by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

H. An order, judgment or decree shall be entered by any court or governmental agency of competent jurisdiction appointing, without the consent of the Lessee, a receiver, trustee or liquidator of the Lessee or of any substantial part of its property, or any substantial part of the property

of the Lessee shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 30 days after the date of entry thereof; or

I. A petition against the Lessee in proceeding under the Federal bankruptcy laws or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within 30 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 30 days;

then, 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 all Federal income and other 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 then subject to this Lease shall absolutely cease and determine 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 the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, 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 of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rentals 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 (y) 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 10% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, (ii)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 or covenants of this Lease and (iii) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America, Dominion of Canada or any governmental unit, agency, instrumentality or other taxing jurisdiction thereof, shall, in the reasonable opinion of the Lessor, after considering all payments to be made hereunder to Lessor, cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if it had been entitled (at the times and in the amounts that would otherwise have been allowable) to utilization of all or such portion of the ADR Deduction (as defined in Section 17 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 17 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default.

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 or other 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.

12. Return of Units Upon Default. If this Lease shall

terminate pursuant to Section 11 hereof, the Lessee shall forwith deliver possession of the Units then subject to this Lease to the Lessor. Each Unit returned to the Lessor pursuant to this Section 12 shall (i) be in the same operating order, repair and condition that it was in at the start of the term of this Lease, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, 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 and at usual speed, cause such Units to be transported to any international point of interchange on the line of the Lessee as shall reasonably be designated from time to time by the Lessor, and

B. Arrange for the Lessor to store such Units at the risk of the Lessor for a period not exceeding 90 days on any lines of railroad of the Lessee or premises of the Lessee reasonably approved by the Lessor until such Units have been sold, leased or otherwise disposed of by the Lessor.

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 cause the assembly, delivery, storage and transporting of the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 12, the Lessee hereby irrevocably appoints the Lessor as the agent and the 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 at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

13. Assignment; Possession and Use. This Lease and the rentals and other sums due hereunder shall be assignable in any manner whatsoever in whole or in part by the Lessor without the prior written 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 shall inure to the benefit of the Lessor's assigns as if named herein as the Lessor. Whenever the term Lessor is used in this Lease it shall apply and refer to the Lessor and each assignee of the Lessor. This Lease shall not be assignable in whole or in part by the Lessee without the prior written consent of the Lessor. So long as no Event of Default exists hereunder and the Lessee shall have fully complied with all the provisions of this Section 13 and the third paragraph of Section 17, the Lessee shall be entitled to the possession of the Units, but only upon and subject to all the terms and conditions of this Lease and only for use in international service between the United States and Canada.

In addition to, and not in limitation of, any rights or remedies which the Lessor might otherwise have, the Lessor shall have the right to declare this Lease terminated in case of any assignment or transfer of the Lessee's rights hereunder or in case of any sublease or use of any of the Units otherwise than as permitted by this Section 13.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except as aforesaid and other than an encumbrance resulting from claims against the Lessor not related to the ownership or leasing of the Units or an encumbrance created by the Lessor) which may at any time be imposed on or with respect to any Unit (including any accession thereto) or the interest of the Lessor or the Lessee therein. 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 this Section 13.

14. Return of Units Upon Expiration of Term. Upon the expiration of the term of this Lease, the Lessee shall at its own cost and expense upon at least thirty (30) days' notice prior to the expiration of the term of this Lease with respect to any Unit, deliver possession of such Unit to the Lessor bearing Lessor's reporting marks at either Emerson, Manitoba; Windsor, Ontario; or Coutts, Alberta as designated by the Lessor in the said notice or at some other mutually agreeable point on the line of the Lessee or at any other point outside Canada with the costs to the point of delivery outside Canada from the closest of Emerson, Manitoba; Windsor, Ontario; or Coutts, Alberta to be borne by the Lessor provided that if the Lessor fails to give such notice the Lessee may, at its discretion, deliver such Units to the Lessor at Emerson, Manitoba; Windsor, Ontario; or Coutts, Alberta or any combination thereof. In the event that Lessor requests Lessee to store the Units or the Lessor fails to remove any Unit from the line or storage area of the Lessee after delivery as above, the Lessor shall pay the then-current storage charges of the Lessee from the expiration of the term of this Lease with respect to any Unit until such Unit is removed from the line or storage area of the Lessee. The movement and storage of each Unit after the expiration of the term of this Lease shall be at the

risk of the Lessor. Each Unit returned to the Lessor pursuant to this Section 14 shall (i) be in the same operating order, repair and condition as at the start of the term of this Lease with respect to such Unit, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. 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 to so assemble, deliver, store and transport the Units.

15. Recording and Expenses. At the request of Lessor, the Lessee will, without expense to the Lessor, cause this Lease and any assignments hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, and deposited in the office of the Registrar General of Canada (notice of such deposit to be forthwith thereafter given in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, reregister, rerecord or redeposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the satisfaction of the Lessor, of the Lessor's interests in the Units or for the purpose of carrying out the intention of this Lease.

The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor.

16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 12% per annum on the overdue rentals and other obligations for the period of time during which they are overdue.

17. Federal Income Taxes. The Lessor, as the owner of the Units, shall be entitled to all the deductions, credits and other

benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including, without limitation, the maximum accelerated depreciation deduction (hereinafter called the ADR Deduction) authorized under Section 167 of the Code utilizing the "class life" prescribed in accordance with Section 167 (m) with respect to the Units.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that each of such corporation will file such return, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent thereof. The Lessee agrees to keep and make available for inspection and copying by the Lessor such records as will enable the Lessor to determine whether it is entitled to the full benefit of the ADR Deduction with respect to the Units.

Notwithstanding anything to the contrary contained in Section 13 hereof, the Lessee represents and warrants that the Units will not be used predominantly outside the United States within the meaning of Section 48(a) of the Code (or any exception thereto) and will be used by railroad companies; and this Lease is a lease for Federal income tax purposes and that the Lessor, as the owner of the Units, is entitled to all deductions, credits and other benefits as are provided by the Code with respect to the Units. The Lessee will maintain sufficient records to verify such use.

If the Lessor shall not be entitled for each of its taxable years (or portions thereof) during which this Lease is in effect to the ADR Deduction with respect to any Unit (as a result of not being allowed to the Lessor in the amounts and at the times the ADR Deduction would otherwise have been allowed); and such loss of ADR Deduction is caused by or is the result of any act, failure to act, event or reason whatsoever (other than (a) a failure by the Lessor to make a timely claim for such ADR Deduction in the manner prescribed by law, (b) a voluntary transfer by the Lessor without the consent of the Lessee or legal title to any Unit or a disposition of or reduction of its interest in such Unit other than as a result of any Casualty Occurrence or Event of Default hereunder, and if such transfer by the Lessor or disposition or reduction shall be the direct cause of such loss, (c) if the Lessee shall have paid to the Lessor the Casualty Value of any such Unit pursuant to Section 7 hereof, and (d) a change in the tax law with respect to the ADR Deduction subsequent to the date that each Unit is settled for) including without limitation the inaccuracy in law or in fact of the representations and warranties set forth in the preceding paragraph of this Section 17 any statement in any letter or document furnished to the Lessor by the Lessee in connection with any application for a ruling of the Internal Revenue Service or otherwise, any Event of Default under this Lease, any Casualty Occurrence with respect to, or the sale, transfer, loss or other disposition of any Unit then the Lessee shall pay to the Lessor, as supplemental rent, the sum $16.00 per Unit per month.

For purposes of this Section 17, the term "Lessor" shall include the "common parent corporation" and all other corporations included in the affiliated group, within the meaning of Section 1504 of the Code, of which the Lessor is a member.

The indemnities contained in this Section 17 shall apply whether or not any Unit is delivered hereunder. Except as otherwise provided, the indemnities contained in this Section 17 shall survive the termination of this Lease and are expressly made for the benefit of, and shall be enforceable by the Lessor, its respective successors, assigns, agents and servants.

18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when sent by prepaid telegraphic communication confirmed by telephone directed as follows:

> If to the Lessor -- North American Car Corporation (Canadian Rail Car Division) 1155 Dorchester Boulevard, West, Montreal Quebec H3B1V1, attention President and a copy to: North American Car Corporation, 222 South Riverside Plaza Chicago, Illinois 60606 attention, Vice President-Finance;
>
> If to the Lessee -- Canadian Pacific Limited, Windsor Station, Room 245, Montreal, Quebec, Canada, attention of Chief of Transportation;

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 either party hereto to the other party shall be delivered to the address set forth above for such party.

19. Right to Possession. So long as the Lessee is not in default under the terms of this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease without any interruption by the Lessor or by persons claiming under or through the Lessor.

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

This Lease exclusively and completely states the right of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of

its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

21. Mileage Allowances; Subrogation; Further Assurance. Provided the Lessee is not in default hereunder, the Lessee shall be entitled to (i) all mileage allowances and other moneys payable from the railroads by reason of the use of the Units, and any such mileage allowances or other moneys received by the Lessor shall be forthwith remitted to the Lessee and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, including settlements pursuant to the rules of the Association of American Railroads, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefore against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which could prejudice the right of the Lessee to such proceeds or to such subrogation.

The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument. Although this Lease is dated as of the date set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, the applicable recording laws of Canada and of the Provinces or Territories thereof and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in

which any Unit may be located.

24. Subordination. It is understood that some or all of the cars furnished Lessee under this Agreement and Lessor's rights under this Agreement may, at the time of delivery to Lessee or at some future time during the term of this Agreement, be subject to the terms of a mortgage, deed of trust, equipment trust, pledge or assignment or similar security arrangement. Lessee agrees that the cars may be stenciled or marked to set forth the ownership of any such cars in the name of a mortgagee, trustee, pledgee, assignee or security holder and that this Agreement, and Lessee's rights hereunder, are and shall at all times be subject and subordinated to any and all rights of any mortgagee, trustee, pledgee or security holder. As to the cars subject hereto, this Agreement and the rentals hereunder may have been assigned and may in the future be assigned to the holder, if any, of the superior lien from time to time on each car as determined with reference to the filings under Section 20c of the Interstate Commerce Act; however, until notified to the contrary by any person reasonably proving to Lessee's satisfaction that he is the assignee of this Agreement or the rentals hereunder, Lessee is to pay all rentals to the order of Lessor. Lessee hereby consents to and accepts such assignment.

25. Language. The Lessee has requested that this Lease be drawn up in English.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be duly executed as of the date first above written.

NORTH AMERICAN CAR CORPORATION
(CANADIAN RAILCAR DIVISION)
as Lessor

(Corporate Seal)

ATTEST:

Assistant Secretary

By _____

Its Executive Vice President

CANADIAN PACIFIC LIMITED
as Lessee

(Corporate Seal)

ATTEST:

ASSISTANT Secretary

APPROVED AS TO FORM
Vice-President, Law

By _____

Its Vice-President

STATE OF ILLINOIS )
)
COUNTY OF Cook )

On this 26th day of November, 1975, before me personally appeared Robert B Oppenheimer, to me personally know, who being by me duly sworn says that he is the Executive Vice President of North American Car Corporation (Canadian Railcar Division) 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.

Lenny Catalano
Notary Public

(S E A L)

My Commission expires 6/30/79

CANADA
~~STATE OF~~ )
PROVINCE OF QUEBEC )
COUNTY OF HOCHELAGA)

On this 26TH day of JANUARY, 1976, before me personally appeared A. F. JOPLIN, to me personally know, who being by me duly sworn says that he is the VICE PRESIDENT of CANADIAN PACIFIC LIMITED 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.

André Gaucher notary
Notary Public

(S E A L)

My Commission ~~expires~~ IS FOR LIFE

Rec No 13660-A

SCHEDULE A

| NUMBER OF CARS | TYPE OF CAR | SERIAL NUMBERS | REPORTING MARKS |
|---|---|---|---|
| 397 | 4,427 cubic foot capacity covered hopper cars | NAHX 47670 - 47783 | CPAA 388,000 - 388,113 |
| | | NAHX 47785 - 47798 | CPAA 388,115 - 388,128 |
| | | NAHX 47800 - 47968 | CPAA 388,130 - 388,298 |
| | | NAHX 47970 - 48069 | CPAA 388,300 - 388,399 |

ALL NUMBERS ARE INCLUSIVE

Rec No 13660-A

SCHEDULE B

| NUMBER OF CARS | TYPE OF CAR | SERIAL NUMBERS | REPORTING MARKS |
|---|---|---|---|
| 197 | 4,427 cubic foot capacity covered hopper cars | NAHX 47200 - 47229 | CPAA 387,600 - 387,629 |
| | | NAHX 47500 - 47537 | CPAA 387,630 - 387,667 |
| | | NAHX 47539 - 47563 | CPAA 387,669 - 387,693 |
| | | NAHX 47565 - 47599 | CPAA 387,695 - 387,729 |
| | | NAHX 47600 - 47620 | CPAA 387,730 - 387,750 |
| | | NAHX 47622 - 47669 | CPAA 387,752 - 387,799 |

ALL NUMBERS ARE INCLUSIVE

Rec No 13660-A

SCHEDULE 2

SERIAL NUMBERS AND REPORTING MARKS OF RAILCARS LISTED IN LEASE, BEING 4,427 CUBIC FOOT COVERED HOPPER CARS

| | QUANTITY | SERIAL NUMBERS | REPORTING MARKS |
|---|---|---|---|
| Listed in Schedule A to Lease | 397 | NAHX 47670 - 47783 | CPAA 388,000 - 388,113 |
| | | NAHX 47785 - 47798 | CPAA 388,115 - 388,128 |
| | | NAHX 47800 - 47968 | CPAA 388,130 - 388,298 |
| | | NAHX 47970 - 48069 | CPAA 388,300 - 388,399 |

All numbers and marks above are inclusive, except that the cars do not include units bearing the following numbers:

| | |
|---|---|
| 16 | CPAA 388,267 |
| | CPAA 388,231 |
| | CPAA 388,075 |
| | CPAA 388,138 |
| | CPAA 388,225 |
| | CPAA 388,198 |
| | CPAA 388,091 |
| | CPAA 388,271 |
| | CPAA 388,252 |
| | CPAA 388,243 |
| | CPAA 388,193 |
| | CPAA 388,047 |
| | CPAA 388,302 |
| | CPAA 388,348 |
| | CPAA 388,396 |
| | CPAA 388,292 |

| | | | |
|---|---|---|---|
| Listed in Schedule B to Lease | 197 | NAHX 47200 - 47229 | CPAA 387,600 - 387,629 |
| | | NAHX 47500 - 47537 | CPAA 387,630 - 387,667 |
| | | NAHX 47539 - 47563 | CPAA 387,669 - 387,693 |
| | | NAHX 47565 - 47599 | CPAA 387,695 - 387,729 |
| | | NAHX 47600 - 47620 | CPAA 387,730 - 387,750 |
| | | NAHX 47622 - 47669 | CPAA 387,752 - 387,799 |

All numbers and marks above are inclusive, except that the cars do not include units bearing the following numbers:

| | |
|---|---|
| 4 | CPAA 387,663 |
| | CPAA 387,750 |
| | CPAA 387,629 |
| | CPAA 387,653 |