

SHEARSON EQUIPMENT INVESTORS-II

Suire 1401
521 Fifth Avenue
New York, New York 10175
212 953 4125

2-178A103

No. **MAR 19 1982**
Date.....
Fee \$ 100.00



ICC Washington, D. C. March 17, 1982

Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Secretary:

We have enclosed an original set, and four counterpart sets (one of which counterpart sets of the lease identified below consists of one executed counterpart and one photocopy), of the documents described below, to be recorded pursuant to section 11303 of title 49 of the U.S. Code.

These documents respectively are, within the classification scheme promulgated as 49 C.F.R. § 1116.1, as follows:

- (1) a lease (consisting of a Lease Agreement and a Rider thereto, each dated as of December 18, 1981, and a Schedule thereto dated December 31, 1981) -- a primary document,
- (2) an assignment of said lease to be filed concurrently therewith (being an Assignment dated March 19 1982, 1982) -- a secondary document to be treated as one along with the foregoing primary document for fee purposes, and
- (3) Security Agreement 58 a mortgage (consisting of Supplement No. 1 to Security Agreement dated as of March 8, 1982, 58 with the Security Agreement dated as of December 9, 1981, that is supplemented thereby attached as Exhibit A thereto) -- a primary document.

We request that the assignment identified as item (2) be cross indexed.

Handwritten signature: Joan J. [unclear]

13600-A
RECORDATION NO. Filed 1425
MAR 19 1982-2 25 PM
SHEARSON EQUIPMENT MANAGEMENT CORPORATION
INTERSTATE COMMERCE COMMISSION
General Partner
James A. Carhaus, President
Albert E. Booth, II, Vice President
Charles F. Keating, Vice President

13600-B
RECORDATION NO. Filed 1425
MAR 19 1982-2 25 PM
INTERSTATE COMMERCE COMMISSION

13600-C
RECORDATION NO. Filed 1425
MAR 19 1982-2 25 PM
INTERSTATE COMMERCE COMMISSION

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

(1) LEASE

Lessor:

Shearson Equipment Investors-II
c/o Shearson Equipment Management Corporation
Suite 1401
521 Fifth Avenue
New York, New York 10175

Lessee:

North American Car Corporation
33 W. Monroe
Chicago, Illinois 60603

(2) ASSIGNMENT OF LEASE

Assignor:

Shearson Equipment Investors-II
c/o Shearson Equipment Management Corporation
Suite 1401
521 Fifth Avenue
New York, New York 10175

Assignee:

The First National Bank of Maryland,
Trustee
25 South Charles Street
Baltimore, Maryland 21201

(3) MORTGAGE

Mortgagor:

Security Agreement
Shearson Equipment Investors-II
c/o Shearson Equipment Management Corporation
Suite 1401
521 Fifth Avenue
New York, New York 10175

*(4) Supplement No. I to Mortgage
& Security Agreement.*

Mortgagee:

The First National Bank of Maryland,
Trustee
25 South Charles Street
Baltimore, Maryland 21201

A description of the equipment covered by each said document follows:

Eighty-three (83) 4,750 cu. ft. covered hopper cars, with 100-ton trucks, of AAR Mechanical Designation "LO", bearing the following numbers:

488032-488093 (incl.)
488095-488115 (incl.)

The cars' present running numbers are the same as the aforesaid numbers, prefixed by the designation "NAHX" to identify North American Car Corporation as the lessee thereof, i.e.:

NAHX 488032-488093 (incl.)
NAHX 488095-488115 (incl.)

A fee of \$100.00 is enclosed. Please return the original of each document and any extra copies not needed by the Commission for recordation to the legal assistant presenting this letter and its enclosures for filing.

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

(1) Lease between SHEARSON EQUIPMENT INVESTORS-II, lessor (address: c/o Shearson Equipment Management Corporation, Suite 1401, 521 Fifth Avenue, New York, N. Y. 10175) and NORTH AMERICAN CAR CORPORATION, lessee (address: 33 West Monroe, Chicago, Illinois 60603), dated as of December 18, 1981 (with a Schedule dated December 31, 1981), and covering eighty-three (83) 4,750 cu. ft. covered hopper cars with 100-ton trucks.

(2) Assignment between SHEARSON EQUIPMENT INVESTORS-II, assignor (address: c/o Shearson Equipment Management Corporation, Suite 1401, 521 Fifth Avenue, New York, N. Y. 10175) and THE FIRST NATIONAL BANK OF MARYLAND, as Trustee, assignee (address: 25 South Charles Street, Baltimore, Maryland 21201), dated _____, 1982, and covering eighty-three (83) 4,750 cu. ft. covered hopper cars with 100-ton trucks, and connected to a lease being concurrently recorded.

(3) Mortgage between SHEARSON EQUIPMENT INVESTORS-II, mortgagor, (address: c/o Shearson Equipment Management Corporation, Suite 1401, 521 Fifth Avenue, New York, N. Y. 10175) and THE FIRST NATIONAL BANK OF MARYLAND, as Trustee, mortgagee (address: 25 South Charles Street, Baltimore, Maryland 21201), dated as of _____, 1982 (relating to and confirming a mortgage dated as of December 9, 1981), and covering eighty-three (83) 4,750 cu. ft. covered hopper cars with 100-ton trucks.

Very truly yours,

SHEARSON EQUIPMENT INVESTORS-II

By SHEARSON EQUIPMENT MANAGEMENT CORPORATION, its General Partner

By Alfred B. Burt
Title: Vice President

Interstate Commerce Commission
Washington, D.C. 20423

3/18/82
3/19/82

OFFICE OF THE SECRETARY

Shearson Equipment Investors-11
521 Fifth Ave, Suite 1401
New York, N.Y. 10175

Dear **Sir:**

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **3/19/82** at **2:25pm**, and assigned re-
recording number (s). **13600, 13600-A, 13600-B & 13600-C**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure (s)

SE-30
(7/79)

13600
RECORDATION NO. Filed 1425

~~LEASE NO.~~

MAR 19 1982-2 25 PM

LEASE AGREEMENT
INTERSTATE COMMERCE COMMISSION

THIS LEASE AGREEMENT dated as of December ~~17~~ 18, 19 81 between SHEARSON EQUIPMENT INVESTORS-II, a N.Y. ltd. pshp. w/ an office c/o its general partner, Shearson Equipment Management Corporation, at Ste. 1401, 521 Fifth Ave., NY, NY 10175 (herein called "Lessor"), and NORTH AMERICAN CAR CORPORATION Delaware corporation with its principal place of business at 33 W. Monroe, Chicago, ILL 60603 (herein called "Lessee"),

WITNESSETH:

1. LEASE. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, all machinery, equipment and/or other personal property (herein collectively called the "Equipment") described in the schedule executed by the parties hereto concurrently herewith or described in any schedule from time to time hereafter executed by the parties hereto. Each such schedule (hereinafter called a "Schedule" and collectively the "Schedules") is or shall be in substantially the form attached hereto and shall constitute a part of this Agreement for all purposes hereof to the same extent as if set forth in full herein.

2. TERM. The term of the lease of each item of Equipment hereunder shall commence on the Delivery and Acceptance Date specified in the Schedule describing such item and shall continue for the period specified in such Schedule.

3. RENT. The aggregate rent payable for the items of Equipment throughout the term of this lease shall be the amount or amounts set forth in the Schedule. Such rent shall be payable in the amounts and on the dates specified in the Schedule, shall be payable to Lessor or such other persons or corporations, and at such addresses, as Lessor may from time to time designate in writing to Lessee and, unless otherwise specified in the Schedule, shall be payable in advance.

4. USE. Lessee will cause the Equipment to be operated in accordance with any applicable manufacturer's manuals or instructions by competent and duly qualified personnel only and in accordance with applicable governmental regulations, if any. Lessee will use the Equipment for business purposes only ~~and not for any other purpose~~

~~5. DELIVERY AND ACCEPTANCE. Lessee agrees that it will make, at its own expense, all necessary inspections and tests of the Equipment in order to determine if the Equipment is in compliance with the provisions of any applicable purchase agreement or order. If the Equipment is in compliance with any such purchase agreement or order, Lessee shall (and is hereby authorized by Lessor to) accept the Equipment on behalf of Lessor and execute and deliver the Schedule describing the Equipment to the Lessor.~~

6. LESSOR'S INSPECTION. Lessee agrees that Lessor or its authorized representatives may at all reasonable times inspect the Equipment and the books and records of Lessee relative thereto, but that Lessor shall have no duty to make any such inspection and shall incur no liability by reason of not making the same.

Subject to Section 28 hereof,

7. MAINTENANCE AND REPAIR./ Lessee, at its own expense, will keep and maintain, or cause to be kept and maintained, the Equipment in as good operating condition as when delivered to Lessee hereunder, ordinary wear and tear excepted, and will provide all maintenance and service and make all repairs necessary for such purpose. In addition, if any parts or accessories forming part of the Equipment shall from time to time become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, Lessee, at its own expense, will within a reasonable time replace such parts or accessories, or cause the same to be replaced, by replacement parts or accessories which are free and clear of all liens, encumbrances or rights of others and have a

value and utility at least equal to the parts or accessories replaced. All such replacement parts and accessories shall immediately become the property of Lessor and part of the Equipment for all purposes hereof; but the parts or accessories replaced thereby shall no longer be the property of Lessor. Lessee may also from time to time add further parts or accessories to the Equipment provided that such addition does not impair the value or utility of the Equipment, and any parts or accessories so added, if not required to be added as a replacement as above provided, shall remain the property of Lessee or other owner thereof and may be removed by Lessee at any time prior to the expiration of the lease, provided (a) such removal does not impair the value or utility of the Equipment and (b) no Event of Default hereunder shall then have occurred and be continuing. Any parts or accessories not so removed shall become the property of Lessor.

8. **LOSS AND DAMAGE—STIPULATED LOSS VALUE.** In the event of the actual or constructive total loss of any item of Equipment, or in the event any item of Equipment shall otherwise become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of any condemnation, confiscation, theft or seizure or requisition of title to or use of any of the Equipment, or in the event the use by Lessee of any of the Equipment shall be unlawfully prevented or substantially interfered with by any third party for a period of more than 30 days, Lessee shall promptly give Lessor written notice of such event and shall pay to Lessor the "Stipulated Loss Value" (herein called the "Stipulated Loss Value") of such item of Equipment as provided in paragraph F of the Schedule, whereupon such item shall become the property of Lessee and no longer be deemed part of the Equipment leased hereunder, and Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest, if any, therein.

9. **INSURANCE.** Lessee will cause to be carried and maintained on the Equipment, at its own cost and expense, insurance in such amounts, against such risks, in such form and with such insurance companies, underwriters or funds as shall be satisfactory to Lessor from time to time, provided, however, that the amount of property damage insurance in effect for the Equipment from time to time shall in no event be less than ~~the amount of the full replacement cost of the Equipment or the instruments or tools then remaining unpaid hereunder.~~ All insurance policies (including liability policies) shall name both Lessor and Lessee as insureds. Unless Lessor shall otherwise agree in writing, each liability policy shall provide for all losses to be paid on behalf of Lessor and Lessee as their respective interests may appear, and each direct damage policy shall provide for all losses to be paid directly to Lessor. With respect to proceeds received under direct damage policies, it is agreed as between Lessor and Lessee that (i) any such proceeds resulting from an actual or constructive total loss of any item of the Equipment will be applied in reduction of Lessee's obligation to pay the Stipulated Loss Value of such item pursuant to Section 8 hereof, if not already paid by Lessee, and (ii) any such proceeds resulting from a loss other than an actual or constructive total loss of Equipment will be applied in payment for repairs or for replacement property in accordance with the terms of Section 7 hereof, if not already paid for by Lessee. Lessee will cause each insurer under a policy required by the terms of this Section to agree (either by endorsement upon such policy or by letter addressed to Lessor) to give Lessor at least 10 days' prior written notice of any alteration in the terms of such policy or of the cancellation thereof in whole or in part. Lessee agrees to provide Lessor with copies of all policies or certificates with respect to such policies or with other evidence satisfactory to Lessor of compliance by Lessee with the terms of this Section. In the event that Lessee shall fail to maintain insurance as herein provided, Lessor may at its option provide such insurance and, in such event, Lessee shall, upon demand, reimburse Lessor, as additional rent, for the cost thereof.

and Lessee, as their interests may appear.

10. **RETURN OF EQUIPMENT.** Upon the expiration or earlier termination of the lease of any of the Equipment, Lessee, at its own expense, will return such Equipment forthwith to Lessor by whichever of the following means Lessor may specify: (a) the delivery of such Equipment at Lessee's premises, (b) the delivery of such Equipment at such other location as Lessor shall designate which is reasonably convenient to Lessee or (c) the loading of such Equipment on board such carrier as Lessor shall specify and the shipping of such Equipment, freight collect, to such designation as Lessor may designate. Upon any such return of the Equipment, Lessee agrees that there will be removed from such Equipment any name or other identification of Lessee thereon and that such Equipment will be in the same condition as when delivered to Lessee hereunder, ordinary wear and tear excepted, and free and clear of all liens, encumbrances or rights of others whatsoever except liens or encumbrances resulting from claims against Lessor not related to the ownership of such Equipment.

as provided by Section 31 hereof.

11. **TAXES.** Lessee agrees to pay, and to indemnify and hold Lessor harmless from, all license and registration fees and all sales, use, personal property and other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon) arising at any time prior to or during the term the Equipment is leased hereunder, or upon the return of the Equipment to Lessor, and imposed against Lessor by any federal, state or local government or taxing authority upon or with respect to the Equipment or upon the purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom or upon or with respect to this Lease Agreement (other than taxes

customary among corporations of established reputation engaged in the same or a similar business and similarly situated.

on or measured by the income of Lessor), unless and to the extent only that any such tax, levy, impost, duty, charge or withholding is being contested by Lessee in good faith and by appropriate proceedings. In case any report or return is required to be made with respect to any obligation of Lessee under this Section or arising out of this Section, Lessee will either make such report or return in such manner as will show the ownership of the Equipment in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be satisfactory to Lessor. The obligations of Lessee under this Section shall survive the termination of the Agreement.

12. LIENS, ENCUMBRANCES AND RIGHTS OF OTHERS. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, attachment, charge, encumbrance or right of others whatsoever on or with respect to the Equipment, title thereto or any interest therein, except (a) the respective rights of Lessor and Lessee as herein provided, (b) liens or encumbrances which result from claims against Lessor not related to the ownership of the Equipment, (c) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings and (d) inchoate materialmen's, mechanics', workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent. Lessee will promptly notify Lessor in writing and will promptly, at Lessee's expense, cause any such mortgage, pledge, lien, attachment, charge, encumbrance or right of others not excepted above which may arise at any time to be duly discharged, dismissed and removed as soon as possible, but in any event within 30 days after the existence of the same shall have first become known to Lessee.

13. LESSOR'S PAYMENT. If Lessee fails to make any payment of rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may ~~apply any of the security deposited pursuant to Section 18 hereof against such payment and/or~~ itself perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at ~~the rate of 1 1/2% per annum~~ where permitted by law, shall be deemed additional rent, payable by Lessee upon demand. In the event of the nonpayment of any such additional rent, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of the nonpayment of the rent payable pursuant to Section 3 hereof. **a per annum rate of interest equal to 1.5% in excess of the "prime rate" of First National Bank of Chicago from time to time in effect.**

14. WARRANTIES. Lessor shall not be deemed to make, now or hereafter at any time, any representation or warranty, express or implied, as to the condition, design, operation or fitness for use of the Equipment or the freedom thereof from liens, encumbrances or rights of others, or any other representation or warranty whatsoever, express or implied, with respect to the Equipment. However, Lessor agrees to assign or otherwise make available to Lessee such rights as Lessor may have under any warranty with respect to the Equipment made by any seller or manufacturer thereof.

15. INDEMNITY. Lessee hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless Lessor, its agents and servants, from and against, and to pay Lessor promptly upon demand the amount of, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor (whether or not also indemnified against by any seller or manufacturer of the Equipment) in any way relating to or arising out of this Lease Agreement or the enforcement hereof or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Equipment, including, without limitation, latent and other defects, whether or not discoverable by Lessee, and any claim for patent, trademark or copyright infringement. The indemnities contained in this Section shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement.

16. DEFAULT. Each of the following events shall constitute an event of default (herein individually called an "Event of Default" and collectively called "Events of Default") hereunder: (a) Lessee shall fail to make any rent payment within 10 days after the same shall become due; (b) Lessee shall fail to make any other payment or perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure shall continue unremedied for a period of 20 days after written notice thereof by Lessor; (c) any representation or warranty made by Lessee herein or in any document or certificate furnished Lessor in connection herewith or pursuant hereto shall prove to be incorrect at any time in any material respect; (d) Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; (e) a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent and shall not be dismissed for a period of 30 days, and (f) bankruptcy, reorganization or insolvency proceedings shall be instituted by or against Lessee and, if instituted against Lessee, shall not be dismissed within 30 days. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing,

Lessor may, at its option, declare this Lease Agreement to be in default, and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do one or more of the following with respect to any or all of the Equipment as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) require Lessee, upon the written demand of Lessor and at Lessee's expense, to promptly return any or all of the Equipment to Lessor at the location, in the condition and otherwise in accordance with all of the terms of Section 10 hereof, or at Lessor's option, enter upon the premises where the Equipment is located and take immediate possession of and remove the Equipment by summary proceedings or otherwise, all without liability to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(b) sell any or all of the Equipment at public or private sale and with or without notice to Lessee or advertisement, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle any or all of the equipment as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto except to the extent required by paragraph (d) below in the event Lessor elects to exercise its rights under said paragraph in lieu of its rights under paragraph (c) below;

(c) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a) or paragraph (b) above, Lessor, by written notice to Lessee specifying a payment date not earlier than 15 days from the date of such notice, may require Lessee to pay to Lessor, on the date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rent due up to but not including the rent payment date under the Schedule (or the date which would have been such rent payment date but for the termination of this Agreement) next following the date specified in such notice plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the rate of 1% per month, where permitted by law, from the date specified in such notice to the date of actual payment): (i) ~~amount equal to the aggregate Stipulated Loss Value of all the Equipment under lease immediately prior to the date specified in such notice, computed as of such rent payment date next following the date specified in such notice;~~ (ii) an amount equal to the excess, if any, of the amount referred to in clause (i) above over the aggregate fair market rental value (computed as hereafter in this Section provided) of such Equipment for the remainder of the lease term of such Equipment, after discounting such fair market rental value monthly (or on such other periodic basis as the rent is payable hereunder) to present worth as of such rent payment date specified in such notice at the rate of 7/8% per month, where permitted by law; or (iii) an amount equal to the excess, if any, of the amount referred to in clause (i) above over the aggregate fair market sales value of the Equipment (computed as hereafter in this Section provided) as of such rent payment date next following the date specified in such notice;

(d) in the event Lessor, pursuant to paragraph (b) above, shall have sold any or all of the Equipment, Lessor, in lieu of exercising its rights under paragraph (c) above, may, if it shall so elect, require Lessee to pay Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rent due up to but not including the rent payment date (or the date which would have been such rent payment date but for the termination of this Agreement) next following the date of such sale plus the amount of any deficiency between the net proceeds of such sale and the Stipulated Loss Value of the Equipment computed as of such rent payment date, together with interest at the rate of 1% per month, where permitted by law, on the amount of such deficiency from the date of such sale until the date of actual payment; and/or

(e) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease Agreement as to any or all Equipment.

In addition, Lessee shall be liable for any and all unpaid additional rent due hereunder before, after or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Equipment in accordance with the terms of Section 10 hereof or in placing such Equipment in the condition required by said Section. For the purpose of paragraph (c) above, the "fair market rental value" or the "fair market sales value" of the Equipment shall be determined by the average of two appraisals, both by recognized independent appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee, except that such "fair market rental value" or "fair market sales value" shall be determined by the appraiser chosen by Lessor if Lessee fails to furnish the appraisal of the appraiser selected by it within 10 days after the giving of the written notice from Lessor referred to in paragraph (c) above. Lessor may bid for and purchase the Equipment if sold pursuant to this Section. Except as otherwise expressly provided above, no remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available 20

to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use the Equipment in mitigation of Lessor's damages as set forth in this Section or which may otherwise limit or modify any of Lessor's rights or remedies under this Section.

Subject to Section 30 hereof,

17. **ASSIGNMENT BY LESSOR AND LESSEE.** Without the prior written consent of Lessor, Lessee will not assign any of its rights hereunder, sublet the Equipment or otherwise permit the Equipment to be operated or used by, or in the possession of, anyone but Lessee. Lessor may at any time assign all of its right, title and interest hereunder, or any part thereof, to any other person with or without notice to Lessee.

18. **SECURITY.** ~~As security for the prompt and full payment of all rent payable hereunder and the due performance of all of Lessee's other obligations and agreements hereunder, Lessee has pledged and deposited with Lessor the amount set forth in the Schedule or Schedules. Upon the occurrence of any Event of Default hereunder, Lessor shall have the right, but shall not be obligated, to apply said security to the curing of such Event of Default. Any such application by Lessor shall not be a defense to any action by Lessor arising out of such Event of Default, Lessee to remain liable for any judgment for amounts in excess of said security, and, upon demand, Lessee shall, from time to time, restore said security to the full amount set forth in the Schedule or Schedules. Upon the expiration, or earlier termination, of the lease of the Equipment, Lessor will return to Lessee any then remaining balance of said security, provided Lessee shall have fully performed all of its obligations and agreements hereunder.~~

19. **LESSEE'S OBLIGATIONS UNCONDITIONAL.** Lessee agrees to pay all rent and any other amounts owing hereunder on the due date thereof in immediately available funds to Lessor at its address set forth in the opening paragraph hereof or to such other person at such other address as Lessor may from time to time designate in writing; and Lessee hereby agrees that Lessee's obligation to pay such rent and other amounts shall be absolute and unconditional under all circumstances, including, without limitation, the following circumstances: (a) any set off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, any seller or manufacturer of the Equipment or anyone else for any reason whatsoever; (b) any defect in the condition, design, operation or fitness for use of the Equipment or the existence of any liens, encumbrances or rights of others whatsoever with respect to the Equipment, whether or not resulting from claims against Lessor not related to the ownership of the Equipment; (c) any damage to or loss or destruction of the Equipment or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever; (d) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee; or (e) any other event or circumstances whatsoever, whether or not similar to any of the foregoing. To the extent permitted by applicable law, 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 the Equipment hereunder except in accordance with the express terms hereof. If for any reason whatsoever this Lease Agreement shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein or shall be disaffirmed by any trustee or receiver for Lessee or Lessor, Lessee nonetheless agrees to pay to Lessor an amount equal to each rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease Agreement not been terminated or disaffirmed in whole or in part. Each rent or other payment made by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

(See Section 25 hereof.)

20. **IDENTIFICATION.** ~~Lessee agrees to place on the Equipment insignia, plates or other identification of a size acceptable to Lessor and in a conspicuous place satisfactory to Lessor, showing Lessor's title to such item.~~

21. **NOT PART OF REALTY.** It is agreed that the Equipment shall be and at all times remain personal property. Without limitation of the generality of the provisions of Sections 8 and 12 hereof, (a) Lessee agrees to take such action (including the obtaining and recording of waivers), at its own expense, as may be necessary to prevent any third party from acquiring any right to or interest in the Equipment by virtue of the Equipment being deemed to be real property or a part of any real property and (b) if at any time any person shall claim any right or interest referred to in clause (a) above, Lessee will, at its own expense, cause such claim to be waived in writing or otherwise eliminated to Lessor's satisfaction within 30 days after such claim shall have first become known to Lessee. Lessee represents and warrants that it is not now, and agrees that during the term of this Lease Agreement it will not be, a party to any lease or mortgage of the realty where the Equipment is or is to be located which restricts (whether expressly or by implication) the removal of the Equipment at any time by Lessor or by Lessee.

22. **FURTHER ASSURANCES.** Lessee will promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time request in order to more effectively carry out the intent and purpose hereof and to establish and protect the rights, interests and remedies created, or intended to be created, in favor of Lessor hereby, including, without limitation, (a) the filing or recording of this Lease or a short form thereof satisfactory to Lessor (or any Schedule or amendment hereto), or a financing or continuation statement with respect hereto or thereto, in accordance with the laws of any applicable jurisdictions and (b) the taking of such further action as Lessor may deem desirable to fully protect Lessor's interest hereunder in accordance with the Uniform Commercial Code or other applicable law. Lessee hereby authorizes Lessor to effect any such filing or recording as aforesaid (including the filing of any such financing statements without the signature of Lessee, where permitted by law), and, at the option of Lessor, Lessor's costs and expenses with respect thereto shall constitute additional rent, payable on demand.

23. **NOTICES.** All notices hereunder shall be in writing and shall become effective when deposited in the United States mail, with proper postage for ordinary mail prepaid, addressed to the respective party at its address set forth in the opening paragraph hereof or at such other address as such party shall from time to time designate in writing to the other party.

24. **MISCELLANEOUS.** Any provision of this Lease Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be 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. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. No term or provision of this Lease Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. This Lease Agreement shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Equipment except as a lessee only. The captions in this Lease Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. If more than one entity or person constitutes "Lessee" as defined herein, the obligations of such entities or persons hereunder shall be joint and several. This Lease Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, regardless of the location of the Equipment, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be duly executed by their respective officers or representatives thereunto duly authorized as of the day and year first above written.

SHEARSON. EQUIPMENT. INVESTORS-II
Lessor

NORTH AMERICAN. CAR. CORPORATION...
Lessee

By SHEARSON. EQUIPMENT. MANAGEMENT
CORPORATION, its General Partner

By *Pamela...*
Title
Vice President

77557 *W. J. ...*
Asst. Secy.

By _____
Title: _____

[Seal]

[Seal]

RIDER to Lease Agreement dated as of December 18, 1981,
between SHEARSON EQUIPMENT INVESTORS-II, Lessor, and
NORTH AMERICAN CAR CORPORATION, Lessee.

The following additional terms and provisions are hereby incorporated into the captioned Lease Agreement to constitute a part thereof for all purposes thereof to the same extent as if set forth in full therein (such following terms and provisions being deemed to supersede, to the extent inconsistent, any terms and provisions contained in the printed form of such Lease Agreement):

25. Identification Marks. The Lessee will cause each item of Equipment to be kept numbered with the serial number set forth in the Schedule describing such item, and, whenever requested by Lessor, will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of each item of Equipment, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT AND/OR VESTED IN ANOTHER PERSON OR ENTITY AS SET FORTH IN A BAILMENT AGREEMENT OR LEASE FILED WITH THE INTERSTATE COMMERCE COMMISSION", with appropriate changes thereof as from time to time may be required by law in order to protect the Lessor's title to and interest in such item of Equipment and the rights of any person under any security document respecting Lessor's financing of a position of the cost of the Equipment. Lessee will not place any such item of Equipment in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings, which may be removed, defaced, obliterated or destroyed. Lessee will not change the serial number of any item of Equipment unless (i) Lessor shall have been informed in writing of the new number or numbers to be substituted therefor and Lessee shall have prepared and executed an appropriate amendment hereto which, promptly after execution and delivery by Lessor, shall be duly filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) Lessee thereafter shall have furnished Lessor an opinion of counsel to the effect that such amendment has been so filed and deposited, that such filing, recording and deposit will protect Lessor's rights in such item of Equipment under the Lease and that no other filing, recording, deposit or giving of notice with or to any Federal, state or local government or agency thereof is necessary to protect such rights.

The Equipment may be marked or lettered with the name of Lessee or in some other appropriate manner for convenience of identification of the leasehold interest of Lessee therein, but Lessee will not allow the name of any person, association or corporation to be placed on any item of Equipment as a designation that might be interpreted as a claim of ownership.

26. Reports. On or before April 1 in each year, commencing with the calendar year 1982, Lessee will furnish to Lessor an officer's certificate (a) setting forth as at the preceding December 31 (or as of the date of this Lease Agreement in the case of the first such officer's certificate) the amount, description and numbers of each item of Equipment then leased hereunder, the amount, description and numbers of each item that has suffered, during the preceding calendar year (or since the date of this Lease Agreement in the case of the first such officer's certificate) an event described in Section 8 hereof (specifying the date of each such event) or to the knowledge of Lessee is then undergoing repairs (other than running repairs) or is then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of each item of Equipment as Lessor may reasonably request and (b) stating that, in the case of all Equipment repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 25 hereof have been preserved or replaced.

27. Compliance with Laws and Rules. Lessee agrees to comply in all respects (including, without limitation, with respect to the use, condition and operation of each item of Equipment) with all laws of the jurisdictions in which its operations involving the Equipment extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment to the extent that such laws and rules affect the maintenance, condition or use of the Equipment (all such laws and rules to such extent being hereinafter called the "Applicable Laws"); provided, however, that the Lessee may, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor under this Lease Agreement.

28. Maintenance; Additions. Lessor, at its own cost and expense, will maintain and keep the Equipment, or cause the Equipment to be maintained and kept, in as good operating condition as when delivered to the Lessee hereunder, ordinary wear and tear excepted, in accordance with the Interchange Rules of the American Association of Railroads; provided that

such maintenance shall not include repair of any damage not caused by ordinary wear and tear under normal use and service, nor any of the following:

(a) Painting or other refinishing of any item of Equipment or furnishing material therefor (other than for protective purposes).

(b) Any cleaning of any item of Equipment for any reason.

(c) Modifications, alterations, inspections, repairs or additions to any item of Equipment which may be necessary to eliminate any infringement by any item of any patent.

(d) Repair of damage resulting from derailment or other accident, or from negligence, neglect, misuse, omission or abuse.

(e) Repair of damage arising out of or relating to fire, explosion, vandalism, malicious mischief, theft, tornado, storm, water, flood, riots and other civil commotion, collapse of buildings or other structures and Acts of God.

(f) Destruction, loss, damage or theft of appliances and removable parts, unless a railroad has assumed full responsibility therefor and paid to Lessor the full amount therefor or unless such loss or damage results from the negligence or omission of Lessor, its agents or employees.

(g) Corrective work or materials necessitated by defects in the manufacture or workmanship of any item of Equipment or component thereof or any material incorporated therein by the manufacturer thereof or any person other than Lessor or its agent or representatives.

(h) Repair of damage to any car arising out of or relating to any corrosive or abrasive substance loaded therein or used in connection therewith.

(i) Repair required because of damage caused to the cars by open flames, vibrators, sledges, fork lift trucks and/or other similar handling, loading or unloading devices and systems.

(j) Inspections or certifications related to satisfying the provisions of the Federal Railway Safety Act and rules, regulations and requirements issued or promulgated thereunder or any successor or similar rules, laws or regulations.

(k) Damage caused by loading of cars in excess of the load limit stenciled thereon or AAR Weight Limitations, or in an unbalanced fashion.

(l) Repair of damage to additions, accessories, attachments or other devices not a part of any item of Equipment when it initially becomes subject hereto.

Lessor, at its own cost and expense, will make, or cause to be made, any modifications, alterations, repairs or additions to any item of Equipment required (Lessee represents that none currently is required or known by it to be pending) to comply with changes in Applicable Laws from time to time after the date hereof; provided, however, that the monthly rent thereafter payable for such item shall be increased by the product of (x) ~~0.14093 (i.e., \$606 divided by \$43,000)~~ times (y) the cost to Lessor of such modification, alteration, repair or addition. Any necessary repairs or other work not part of Lessor's maintenance obligation as aforesaid shall be performed by or on behalf of Lessee, at its own expense, in compliance with Section 7 hereof. All maintenance work performed by Lessor hereunder shall be warranted to be free from defects in material and workmanship under normal use and service; provided, however, that (i) there shall be no obligation under such warranty other than to make good, without charge for labor, any part or parts which shall within ninety days from the date of such work be returned as, and which examination shall disclose to have been, so defective, (ii) SUCH WARRANTY SHALL BE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF LESSOR OR ANY PARTY PERFORMING SUCH WORK ON LESSOR'S BEHALF, and (iii) in the case of work not performed directly by Lessor, such warranty shall arise only to the extent Lessor, IN contracting for the same, shall have obtained the benefits of a like warranty from the party performing such repairs. Lessee shall cooperate fully with Lessor, its agents and employees, in making each item of Equipment available as required for maintenance or other work hereunder. In no event shall Lessor have any liability hereunder for any delay or failure in Lessor's performance hereunder due to acts of Lessee, acts of God, acts of civil or military authorities, embargoes, governmental priorities, fires, floods or other casualties, strikes or other labor disturbances, war (whether declared or undeclared), insurrection, riot, lack or shortage

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of transportation facilities, delays in transportation, inability due to shortages or other cause beyond Lessor's control to obtain any necessary labor, materials or goods, or for any other delays, acts or omissions beyond the reasonable control of Lessor, its agents and employees, or its or their suppliers; nor any liability for any loss of, or damage to, any commodities loaded or shipped in any of the Equipment; nor any obligation to threaten or commence any legal or other proceedings before any court or other governmental agency or non-governmental organization in connection with its performance or actions hereunder. Lessor shall use its best efforts to obtain, and to maintain in effect at all times throughout the term of this Lease Agreement, a maintenance agreement covering the Equipment with a recognized railroad equipment maintenance firm; if any such maintenance agreement obtained by Lessor shall at any time cease to be in effect, Lessor's obligation hereunder shall be suspended for up to thirty (30) days within which Lessor may seek to obtain a substitute maintenance agreement.

29. Location. In no event shall Lessee permit any item of Equipment to be located at any time in any country other than the United States of America or (provided applicable law provides for, and Lessee duly makes, filings sufficient for the proper protection of the title and interests of Lessor and of any secured party in and to such item) Canada. Lessee shall indemnify Lessor for any adverse tax consequence resulting from the location of any item outside the United States of America.

30. Use by Others. So long as no Event of Default exists hereunder, Lessee may furnish any item of Equipment to railroad companies for use upon the lines of railroad owned or operated by them or over which they have trackage rights and upon connecting and other carriers in the usual interchange of traffic, or to persons other than railroad companies for use in their business.

31. Return and Storage of Equipment. As soon as practicable on or after the termination of the original term or any extended term of this Lease Agreement, and in any event not later than 60 days after the termination of the original term or any extended term of this Lease Agreement, Lessee will, at its own cost and expense, cause each item of Equipment to be transported to such point or points as shall be reasonably designated by Lessor, and will arrange for the storage of such items at such point for up to 180 days. The transporting, assembly and delivery into storage of such items shall be at the expense of the Lessee. Until at least 90% of the items (then available for interchange service) shall have been placed in storage for 90 days, the expense of all storage shall be borne by the Lessee; thereafter, the expense of storage shall be paid by Lessor to Lessee (or whatever other party may be entitled to payment therefor) at the prevailing rate. Lessee will be responsible for risk of loss and liability with respect to each item of Equipment until such item is so delivered into storage and after such delivery into storage and until at least 90% of the items (then available for interchange service) shall have been placed in storage for 90 days. During any

such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such item of Equipment, to inspect the same; provided, however, that Lessee shall not be liable except in the case of negligent or intentional action of Lessee or of its employees or agents and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of Lessor or on behalf of any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of each item of Equipment as hereinbefore provided are of the essence of this Lease Agreement, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to cause the assembly, delivery, storage and transporting of the items. Each item of Equipment returned to Lessor pursuant to this Section 31 shall (i) be in the same operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted, (ii) have attached or affixed thereto any addition title to which is in Lessor pursuant to Section 7 hereof and (iii) meet the applicable standards then in effect under all Applicable Laws.

In the event that promptly upon the termination of this Lease Agreement with respect to any item of Equipment Lessee shall not have caused such item (if then available for interchange service) to be transported, at the request of Lessor, to such point or points as provided in this Section 31, Lessee shall pay to Lessor, for each of the first 30 days the return of such item shall be so delayed, an amount equal to 110% of the daily rental for such item under this Lease Agreement and, for each day of delay thereafter, an amount equal to 150% of such daily rental.

32. Recording. Promptly after the execution and delivery of this Lease Agreement, of any security document (including any lease assignment) concerning it or the Equipment, and of each supplement or amendment hereto or thereto, Lessee shall cause the same to be duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 except that such filing of a supplement or an amendment shall not be required if the filing thereof is not necessary for the protection of the rights of Lessor hereunder or of any secured party; and Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record any and all further instruments required by the law of any jurisdiction in which any item of Equipment shall be used and reasonably requested by Lessor for the purpose of proper protection of the title and interests of Lessor or of any secured party in and to each such item and of fully carrying out and effectuating this Lease Agreement and the intent hereof.

Promptly after the execution and delivery of each such document and instrument, Lessee will furnish to Lessor and any such secured party one or more opinions of counsel stating that, in the opinion of such counsel, the same has been properly recorded and filed so as to protect effectively the title and interests of Lessor and such secured party in and to the Equipment and their rights thereunder and hereunder as provided in the next preceding paragraph and reciting the details of such action, it being understood that such an opinion of counsel shall not be required in the case of any amendment hereto to delete any item which shall have suffered an event described in Section 8 hereof.

33. Liens of Lessor's Security Assignee Permitted. Further to Section 12 hereof, there shall be excepted from Lessee's obligations under said section: "(e) liens granted by Lessor to any assignee or security assignee of Lessor in connection with any financing obtained by Lessor in respect of its acquisition of the Equipment."

34. Furnishing of Information. Lessee agrees to furnish to Lessor:

(1) within 120 days after the close of each fiscal year of Lessee occurring after the date hereof, an audited balance sheet and statement of changes in financial position of Lessee at and as of the end of such fiscal year, together with an audited statement of income of Lessee for such fiscal year;

(2) within the period set forth in (1) above, a certificate of an authorized officer of Lessee stating that he has reviewed the activities of Lessee and that, to the best of his knowledge, there exists no Event of Default, as such term is defined in this Lease Agreement, and no event which with the giving of notice or the lapse of time, or both, would become an Event of Default; and

(3) from time to time, such other information as Lessor may reasonably request, including but not limited to the location or locations of items of Equipment.

35. Railroad Recordkeeping. Lessee shall during the term of this Agreement prepare all necessary or customary documents for Lessor's signature and filing relating to any registration or recordkeeping normally effected by Lessee with respect to similar Equipment. Such matters shall include but are not limited to the preparation of the following documents: (i) appropriate Association of American Railroads

("AAR") interchange agreements with respect to the Equipment; (ii) registration for each item of Equipment in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the Interstate Commerce Commission and/or other regulatory agencies with respect to the Equipment.

Each and every item of Equipment leased hereunder shall be registered at no cost to Lessor in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Lessee shall, on behalf of Lessor, perform all recordkeeping related to the use of the Equipment by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Equipment shall be addressed to Lessee at such address as it shall select.

36. Lessor's Renewal Option. Lessor shall have the right, by giving written notice to Lessee to such effect not later than 60 days prior to expiration of the then current term or any Lease Extension Period, as the case may be, to renew and extend this Lease Agreement for all, but not less than all, items of Equipment then subject to this Lease Agreement for a period (a "Lease Extension Period") of twelve months; provided, however, that Lessor shall have such right with respect to no more than two such Lease Extension Periods. The rental payable by Lessee with respect to all items during any Lease Extension Period shall be the same as that payable for such items theretofore, and any such renewal hereunder shall be on the same terms and conditions as contained in this Lease Agreement. Lessee shall have no right hereunder to decline any such Lease Extension Period elected by Lessor or to demand any such Lease Extension Period not so elected by Lessor.

37. Negotiations Preceding Expiration. Approximately six months prior to the expiration of this Lease Agreement (including any Lease Extension Period that Lessor shall elect), so long as no Event of Default exists hereunder, Lessor will invite Lessee to enter into good faith bargaining with it concerning the disposition of the Equipment at expiration of this Lease Agreement; provided, however, that Lessor shall have no obligation to Lessee in connection with such disposition except so to negotiate in good faith and, in the event any such bargaining does not result in an agreement mutually satisfactory to Lessor and Lessee by the 120th day preceding such expiration, Lessor shall have no further obligation to Lessee concerning the Equipment except such obligations as are expressly provided in this Lease Agreement.

38. 49 U.S.C. §11303. Lessor and Lessee shall be entitled to all rights conferred by 49 U.S.C. §11303.

APPROVED AND AGREED TO by and between the parties hereto as of the date first specified above.

SHEARSON EQUIPMENT INVESTORS-II
Lessor

NORTH AMERICAN CAR CORPORATION
Lessee

[seal]

By SHEARSON EQUIPMENT MANAGEMENT CORPORATION, its General Partner

By Pamela H. ...
Title: Vice President

A77557 [Signature]
Asst. Secy

By _____
Title: _____

[Seal]

F. **STIPULATED LOSS VALUE (continued)**: Upon payment of the Stipulated Loss Value of any item of Equipment and all rent due under this Schedule up to but not including the rent payment date on which such payment of Stipulated Loss Value is due as provided above, each rent payment under this Schedule, commencing with the rent payment due on the date such payment of Stipulated Loss Value is due, will be reduced by an amount which bears the same ratio to such rent payment as the invoice cost (including the applicable portion of any sales tax, installation or delivery costs or other expenses) paid by Lessor (herein called the "Invoice Cost") for such Equipment bears to the total Invoice Cost of all of the Equipment covered by this Schedule immediately prior to the payment of such Stipulated Loss Value.

\$47,300, or the fair market value of such item (as of the happening of such event), whichever is greater; provided, however, that Stipulated Loss Value for the first three (3) cars at any time during the lease term (including any Lease Extension Period) to suffer an event described in Section 8 of the Lease Agreement shall be the current settlement value of such cars determined pursuant to AAR Rule 107.

G. **DELIVERY**: Lessee hereby represents, warrants and confirms to Lessor that the Equipment covered by this Schedule has been duly delivered to Lessee at the premises referred to in paragraph E above, that Lessee has duly inspected the Equipment and that Lessee hereby accepts the Equipment for all purposes of the Lease Agreement as being in accordance with specifications, properly installed and/or assembled, in good working order, repair and appearance and without defect or inherent vice in condition, design, operation or fitness for use, whether or not discoverable by Lessee as of the date hereof, and free and clear of all liens, encumbrances and rights of others whatsoever, whether or not resulting from claims against Lessor not related to the ownership of the Equipment; provided, however, that nothing contained herein or in the Lease Agreement shall in any way diminish or otherwise affect any right Lessee or Lessor may have with respect to the Equipment against the seller or any manufacturer of the Equipment or any part thereof.

H. **IDENTIFICATION**: Lessee hereby further represents and warrants that the Equipment described above has been duly marked with insignia, plates or other identification showing Lessor's title thereto in accordance with the terms of Section 20 of the Lease Agreement.

~~XXXXXXXXXXXXXXXXXXXX~~

J. **ADDITIONAL TERMS, IF ANY**: as reflected in the Rider to Lease Agreement setting forth Sections 25 through 38 thereof.

APPROVED AND AGREED TO by and between the parties hereto as of the Delivery and Acceptance Date specified above.

SHEARSON EQUIPMENT INVESTORS-II
Lessor

NORTH AMERICAN CAR CORPORATION
Lessee

By SHEARSON EQUIPMENT MANAGEMENT CORPORATION, its General Partner

By Paul mo. Han
Title

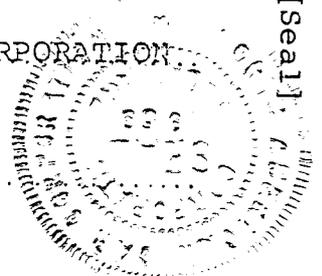
Vice President

ATTEN: [Signature]
Asst. Secy.

By _____
Title: _____

[Seal]

[Seal]



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

On this ____ day of December 1981, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of SHEARSON EQUIPMENT MANAGEMENT CORPORATION, the General Partner of SHEARSON EQUIPMENT INVESTORS-II, a New York limited partnership, that one of the seals affixed to each foregoing instrument (being a Lease Agreement and a Rider thereto, each dated as of December 18, 1981, and a Schedule thereto dated this ____ day of December 1981) is the seal of said corporation and that each said instrument was signed and sealed on behalf of said corporation (acting on behalf of said partnership) by authority of its Board of Directors and he acknowledged that the execution of each said foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS)
) ss.:
COUNTY OF COOK)

On this 31 day of December 1981, before me personally appeared Paul M. O'Hara, to me personally known, who, being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to each foregoing instrument (being a Lease Agreement and a Rider thereto, each dated as of December 18, 1981, and a Schedule thereto dated this 31 day of December 1981) is the seal of said corporation and that each said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors or By-laws and he acknowledged that the execution of each said foregoing instrument was the free act and deed of said corporation.

Debra A. Kelly
Notary Public

[Notarial Seal]

My Commission expires

My Commission Expires Feb. 23, 1983