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A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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RECORDATION NO. 11287

FFB 6-1984 2:00 PM

INTERSTATE COMMERCE COMMISSION

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February 6, 1984

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

Dear Mr. Secretary:

I have enclosed an original and seven counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease, a primary document, dated as of January 5, 1984.

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

Lessor: Potomac Leverage Leasing Company
 1300 Indian Wood Circle
 Maumee, Ohio 43537

Lessee: Grand Trunk Western Railroad Company
 131 West Lafayette Boulevard
 Detroit, Michigan 48226

Counterpart - Board

FEB 11 12 25 PM '84
 REC. OPERATIONS BR.

No. 4-037A090

Date FEB 6 1984

Fee \$ 50.00

ICC Washington, D. C.

Secretary, Interstate Commerce
Commission

Page Two

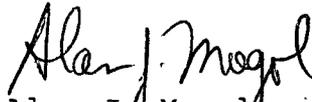
February 6, 1984

A description of the equipment covered by the document follows: One hundred (100) auto racks, more fully described on the attached schedule, attached to flat cars bearing the road numbers described on the attached schedule. Such equipment also bears the following legend: "AUTO RACK OWNED UNDER A SECURITY AGREEMENT FILED UNDER SECTION 11303 OF THE INTERSTATE COMMERCE ACT AND LEASED UNDER A LEASE DEPOSITED UNDER SECTION 86 OF THE RAILWAY ACT OF CANADA".

A fee of \$50.00 is enclosed. Please return the original and any extra counterparts not needed by the Commission for recordation to: Alan J. Mogol, Esquire, Ober, Kaler, Grimes & Shriver, 1600 Maryland National Bank Street, Baltimore, Maryland 21202.

A short summary of the document to appear in the index follows: Master Lease Agreement between Potomac Leverage Leasing Company, as lessor, 1300 Indian Wood Circle, Maumee, Ohio 43537, and Grand Trunk Western Railroad Company, as lessee, 131 West Lafayette Boulevard, Detroit, Michigan 48226, dated as of January 5, 1984, and covering one hundred (100) auto racks.

Sincerely yours,



Alan J. Mogol
Attorney for Potomac Leverage Leasing
Company

AJM:caa
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Alan J. Mogol
Ober, Kaler, Grimes & Shriver
1600 Maryland Ntl. Bank Bldg.
10 Light Street
Baltimore, Maryland 21202

February 6, 1984

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 2/6/84 at 12:30PM and assigned re-
recording number (s). 14267

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

REGISTRATION NO. 14267

FFB 6-1984 12 22 PM

INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE

Dated as of January 5, 1984

between

Leverage
Potomac Leasing Company,
as Lessor

and

Grand Trunk Western Railroad Company,
as Lessee

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MASTER EQUIPMENT LEASE *per*

Leverage

THIS MASTER EQUIPMENT LEASE dated as of January 5, 1984 (the Lease) between Potomac Leasing Company (the Lessor) and Grand Trunk Western Railroad Company (the Lessee).

W I T N E S S E T H:

SECTION 1. Definitions; Construction of References.

In this Lease, unless the context otherwise requires:

(a) All references in this Lease to designated Sections and other subdivisions are to designated Sections and other subdivisions of this Lease, and the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Section or other subdivision.

(b) The terms defined in this Section or elsewhere in this Lease shall, for purposes of this Lease and all Exhibits hereto, have the meanings assigned to them in this Section or elsewhere and include the plural as well as the singular.

(c) Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof.

(d) Neither the Lessor nor the Lessee intends for the transactions contemplated by this Lease to be deemed a "Finance Lease" within the meaning of Section 168 (f)(8) of the Internal Revenue Code of 1954, as amended (Code).

(e) The following terms shall have the following meanings for all purposes of this Lease:

Abatements shall have the meaning set forth in Section 10 hereof.

ACRS Deductions, Investment Tax Credit and Interest Deductions shall have the meanings set forth in Section 22 hereof.

Appraisal shall mean a procedure whereby three appraisers, none of whom shall be a manufacturer of the Item of Equipment for which appraisal is required, shall determine an amount in question. One appraiser shall be chosen by the Lessee and one by the Lessor. The Lessor or the Lessee, as the case may be, shall deliver a written notice to the other party appointing its appraiser within 15 days after receipt

from the other party of a written notice appointing that party's appraiser. A third appraiser shall be chosen within 5 days thereafter by the mutual consent of such first two appraisers. The decision of the three appraisers so appointed and chosen shall be given within 10 days after the selection of such third appraiser and, upon receipt of such decision, the amount in question shall be definitively determined by averaging the respective decisions of all three appraisers, and thereafter such amount shall be binding and conclusive on the Lessor and the Lessee. The fees and expenses of the three appraisers shall be borne by the Lessee.

Basic Rent, Basic Rent Date, Supplemental Rent and Rent shall have the meanings set forth in Section 4 hereof.

Equipment (individually an Item or Items of Equipment), Date of Lease, Estimated First Delivery Date, Estimated Final Delivery Date, Estimated Lessor's Cost, Maximum Financing Cost, Late Payment Rate, and Equipment Marking, shall have the meanings with respect to the Equipment as set forth in Exhibit B hereto.

Business Day shall mean any day other than a Saturday or Sunday or other day on which banks in the Cities of Toledo, Ohio or Detroit, Michigan are authorized to close.

Casualty Value shall have the meaning set forth in Section 13 hereof.

Certificate of Acceptance shall mean the document representing the Lessee's acceptance of each Item of Equipment which shall be in the format attached as Exhibit A hereto.

Claims shall have the meaning set forth in Section 21 hereof.

Closing Date shall be any date on which the Lessor is to pay to the manufacturer or supplier of any Item of Equipment the Total Invoice Cost thereof.

Code shall have the meaning set forth in Section 1 hereof.

Consolidated Group shall have the meaning set forth in Section 7 hereof.

Default shall mean an event which, after the giving of notice or lapse of time, or both, would mature into an Event of Default.

Disallowance shall have the meaning set forth in Section 22 hereof.

Event of Default shall have the meaning set forth in Section 23 hereof.

Expiration Date shall mean July 1, 1996.

Fair Market Rental Value of an Item of Equipment shall be determined on the basis of, and shall mean the amount which would be obtainable in, an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) under no compulsion to lease and an informed and willing lessor under no compulsion to lease, in accordance with a lease on terms and conditions as herein provided. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental Value with respect to an Item of Equipment, such Fair Market Rental Value shall be determined in accordance with the procedure for Appraisal.

Fair Market Value of an Item of Equipment shall be determined on the basis of, and shall mean the amount which would be obtainable in, an arm's-length transaction between an informed and willing buyer or user (other than: (i) a lessee currently in possession, or (ii) a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell, and in such determination costs of removal from the location of current use shall not be a deduction from such value and all alternative uses in the hands of such buyer or user, including without limitation, the further leasing of such Item of Equipment, shall be taken into account in making such determination. If the Lessor and the Lessee are unable to agree upon a determination of Fair Market Value with respect to an Item of Equipment, such Fair Market Value shall be determined in accordance with the procedure for Appraisal.

Guarantee shall mean the Guarantee Agreement dated as of January 5, 1984 attached hereto as Exhibit E, Grand Trunk Corporation, Guarantor.

Impositions shall have the meaning set forth in Section 19 hereof.

Improvement shall have the meaning set forth in Section 11 hereof.

Indemnified Party shall have the meaning set forth in Section 21 hereof.

Liens shall mean any mortgage, lien, security interest, charge, claim or other encumbrance on or with respect to any Item of Equipment, the Lessor's title thereto or any interest of the Lessor therein.

Lessor's Liens shall mean any Lien on or disposition of any Item of Equipment that either (a) results from claims against the Lessor not related to the transactions contemplated by this Lease or (b) results from an affirmative act of

the Lessor to create such a Lien or disposition and that is neither consented to by the Lessee nor taken in connection with any Event of Default.

Loss shall have the meaning set forth in Section 22 hereof.

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

Purchase Documents shall mean, with respect to any Item of Equipment the documents described in Exhibit D hereto.

Replacement Part shall have the meaning set forth in Section 11 hereof.

Requisition of Use shall have the meaning set forth in Section 13 hereof.

Total Invoice Cost shall mean, with respect to any Item of Equipment, the cost thereof as set forth in the manufacturer's or supplier's invoice which is to be certified by the Lessee and delivered to the Lessor not less than three Business Days prior to the Closing Date therefor.

SECTION 2. Lease of Equipment.

Subject to the terms and conditions of this Lease, the Lessor hereby agrees to lease to the Lessee, and the Lessee hereby agrees to lease from the Lessor, such Items of Equipment as the Lessor shall have acquired and become obligated to pay for, pursuant to the Purchase Documents.

SECTION 3. Appointment of Agent; Inspection and Acceptance by the Lessee

(a) Appointment of Authorized Agent. For purposes of accepting delivery of each Item of Equipment from the manufacturer or supplier thereof, the Lessor hereby appoints the Lessee as authorized representative of the Lessor. Until such authority shall have been terminated pursuant to paragraph (b) of this Section, such authorized representative shall be authorized, subject to the provisions of Section 5 hereof, to accept and take possession of each Item of Equipment which is found to be in good order and in accordance with all applicable specifications on delivery thereof, to accept on behalf of the Lessor all Purchase Documents, if any, delivered with respect to such Item of Equipment, to reject and return to the manufacturer or supplier thereof any Item of Equipment found not to be in good order, and to take such other action on behalf of the Lessor as the Lessor shall reasonably request in order to accept delivery of each Item of Equipment on behalf of the Lessor. If such Item of Equipment is found to be acceptable, the Lessee shall execute and deliver to the Lessor a Certificate of Acceptance stating that such Item of Equipment has been

accepted on behalf of the Lessor whereupon such Item of Equipment shall be deemed to have been also delivered to and accepted by the Lessee hereunder and shall be subject thereafter to all terms and conditions of this Lease.

(b) Termination of Appointment of Authorized Agent. If any of the conditions set forth in Section 6 hereof to be fulfilled on any Closing Date shall not have been fulfilled as set forth therein or waived, the authority of the authorized representative granted pursuant to paragraph (a) of this Section shall terminate.

SECTION 4. Term and Rent.

(a) The term of this Lease with respect to any Item of Equipment shall begin on the date of execution of the Certificate of Acceptance therefor and, subject to the provisions of Sections 13, 16 and 24 hereof shall end on the Expiration Date.

(b) The Lessee agrees to pay to the Lessor as rental for each Item of Equipment subject to this Lease 24 consecutive semiannual payments in arrears (herein referred to as Basic Rent) on each January 1 and July 1 commencing on January 1, 1985 (each such date hereinafter referred to as a Basic Rent Date). The first 10 payments with respect to each Item of Equipment then subject to this Lease shall each be in an amount equal to 6.8387% of the Total Invoice Cost of such Item of Equipment. The second 10 payments with respect to each Item of Equipment then subject to this Lease shall each be in an amount equal to 8.3583% of the Total Invoice Cost of such Item of Equipment. The last 4 payments with respect to each Item of Equipment then subject to this Lease shall each be in an amount equal to 3.7993% of the Total Invoice Cost of such Item of Equipment.

(c) The Lessee shall pay to the Lessor the following amounts (herein referred to as Supplemental Rent and, together with all Basic Rent, as Rent):

(1) on demand, any amount payable hereunder (other than Basic Rent and Casualty Value) which the Lessee assumes the obligation to pay, or agrees to pay, under this Lease to the Lessor;

(2) on the date provided herein, any amount payable hereunder as Casualty Value; and

(3) on demand, to the extent permitted by applicable law, a late charge (computed on the basis of a 360-day year of actual days elapsed) at the Late Payment Rate on any payment of Rent or Casualty Value not paid when due for any period during which the same shall be overdue.

(d) All payments of Rent hereunder shall be made so that the Lessor shall have immediately available funds on the date payable hereunder. Rent shall be paid to the Lessor at its address set forth herein or at such address or to such other Persons as the Lessor may direct by notice in writing to the Lessee.

SECTION 5. Purchase of Items of Equipment by the Lessor.

(a) Subject to the terms and conditions of this Lease, the Lessor agrees to purchase, on or before the Estimated Final Delivery Date, each Item of Equipment delivered and accepted pursuant to this Lease. Payment of the purchase price with respect to each such Item of Equipment shall be made on the Closing Date relating to such Item and shall be in an amount equal to the Total Invoice Cost of such Item of Equipment; provided, however, that the aggregate of the Total Invoice Cost of the Items of Equipment to be paid for on any Closing Date, when added to the aggregate Total Invoice Cost of all Items of Equipment paid for on all prior Closing Dates, shall not cause the Maximum Financing Cost to be exceeded.

(b) The Lessor shall not be liable for loss or damage occasioned by any cause, circumstance or event of whatsoever nature, including, but not limited to, failure of or delay in delivery, delivery to wrong place, delivery of improper equipment or property other than the Equipment, damage to the Equipment, governmental regulations, strike, embargo or other cause, circumstance or event, whether of like or unlike nature. All charges, expenses and taxes incurred in connection with the Lessor's purchase of the Equipment and the shipment, delivery, installation and servicing of the Equipment by the manufacturer or supplier thereof or by any other party shall be the responsibility of the Lessee and may, at the sole option of the Lessee, be capitalized or expensed, unless otherwise agreed to in writing by the parties.

(c) In the event that the Lessee shall refuse, for reasonable cause, to accept delivery of any Item of Equipment, the Lessor will assign to the Lessee all of its rights with respect to such Item of Equipment and the Lessee shall assume all obligations as purchaser of the Equipment and will indemnify and hold the Lessor harmless from and against any and all claims of the manufacturer, supplier or any other Person in connection with the purchase thereof.

SECTION 6. Conditions Precedent to Payment for Items of Equipment.

The obligation of the Lessor to pay the Total Invoice Cost of any Item of Equipment which the Lessor has agreed to purchase pursuant to Section 5 hereof on the Closing Date relating to such Item shall be subject to the fulfillment with respect to each such Item of Equipment of the following conditions precedent:

(1) The representations and warranties of the Lessee set forth in Section 7 hereof shall be true and correct in all material respects on and as of the earliest date on any Certificate of Acceptance and each Closing Date, no Default or Event of Default shall have occurred and be continuing on such Closing Date, and the Lessor shall have received a representation of the Lessee to such effect and to the further effect that the Lessee has satisfied or complied with all requirements set forth in this Lease to be satisfied or complied with on or prior to such Closing Date.

(2) The Lessor shall have received an opinion of counsel for the Lessee dated the first Closing Date, addressed to the Lessor and satisfactory to the Lessor, to the effect set forth in paragraphs (a) through (d), and clause (i) of paragraph (e), of Section 7 hereof.

(3) The Lessor shall have received, on or before the first Closing Date, documents evidencing to the satisfaction of the Lessor the Lessee's compliance with Section 14 hereof.

(4) The Lessor shall have received from the Lessee, on or before the first Closing Date, appropriate evidence of authorization of this Lease, the Purchase Documents and documents incidental hereto.

(5) The Lessor shall have received, at least three Business Days prior to each Closing Date the manufacturer's or supplier's invoice, certified as to correctness by the Lessee, for each Item of Equipment to be purchased on such Closing Date.

(6) The Lessor shall have received, on or before each Closing Date a Certificate of Acceptance for each Item of Equipment to be purchased on such Closing Date.

(7) The deposit of the Lease under Section 86 of the Railway Act of Canada shall have been made, and recording of this Lease under Section 11303 of the Interstate Commerce Act shall have occurred, both on or before the first Closing Date.

(8) The Lessor shall have received on or before the first Closing Date a letter addressed to the Lessor from Trailer Train Company reasonably satisfactory to the Lessor with respect to current lien status of the underlying flatcars to which the Items of Equipment will be attached and representing that Trailer Train Company does not consider the Equipment to be fixtures on the flatcars and that the financing agreements, if any, under which the flatcars are being acquired contain such language regarding affixing of auto racks as shall be attached to said letter.

SECTION 7. Representations, Warranties and Agreements of the Lessee.

The Lessee represents, warrants and agrees as follows:

(a) Due Organization. The Lessee is a corporation duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to do business in Michigan and Illinois, where the Items of Equipment are to be deemed delivered, and has the corporate power and authority to hold property under lease.

(b) Due Authorization; Enforceability; No Violation. This Lease has been duly authorized, executed and delivered by the Lessee and, assuming due authorization, execution and delivery by the Lessor is a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms. Any Purchase Documents to which the Lessee

is a party have been duly authorized by it and, upon execution and delivery thereof, will be legal, valid and binding obligations of the Lessee enforceable in accordance with their terms. The execution and delivery by the Lessee of this Lease and any Purchase Documents to which the Lessee is a party are not, and the performance by it of its obligations under each will not be, inconsistent with its charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Lessee, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it or its property is bound.

(c) Governmental Approvals. No consent or approval of any Federal, state or local government authority or agency or other Person is required with respect to the execution, delivery and performance by the Lessee of this Lease or any of the Purchase Documents to which the Lessee is a party, or if any such consent or approval is required, it has been duly given or obtained.

(d) Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee in any court or before any arbitrator, governmental commission, board or authority which, if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under this Lease or any of the Purchase Documents to which the Lessee is a party.

(e) Condition of the Equipment. Each Item of Equipment: (i) is personal property and no Item of Equipment, when subjected to use by the Lessee under this Lease, will be or will become a fixture under applicable law; (ii) constitutes "section 38 property" as such term is defined in Section 48 (a) of the Code and the Lessee will not at any time during the term of this Lease use or fail to use the Equipment in such a way as to disqualify it as "section 38 property"; (iii) will be "new section 38 property" as defined in Section 48 (b) of the Code on the date such Item of Equipment is accepted by the Lessee on the Lessor's behalf, and as such, each Item of Equipment will qualify for Investment Tax Credit equal to the "regular percentage" as defined in Section 46 (a)(2)(B) of the Code with a "qualified investment" as defined in Section 46 (c) of the Code which is not less than the Total Invoice Cost thereof, and further, each Item will be deemed as having been placed in service as of the date appearing on the Certificate of Acceptance therefor; and (iv) is "five-year recovery property" within the meaning of Section 168 of the Code. An amount equal to at least 20% of the Total Invoice Cost of the Equipment is a currently reasonable estimate of what the fair market value of the Equipment will be on the Expiration Date without including in such value any increase or decrease for inflation or deflation and after subtracting from such value any cost to the Lessor for removal and delivery of possession of such Equipment to the Lessor. It can currently be estimated that each Item of Equipment will have an expected useful life of at least 15 years. The Equipment does not constitute "limited use property" within the meaning of Revenue Procedure 76-30. Each Item of Equipment will be

used by the Lessee such that under Section 861 (f) of the Code the Lessor will be entitled to treat all income and deductions in respect therewith as domestic source.

(f) Financial Statements. The balance sheet and the related statement of income and statement of changes in financial position of the Lessee, or the consolidated group of companies of which the Lessee is a member (the Consolidated Group), heretofore delivered to the Lessor, have been prepared in accordance with generally accepted accounting principles and fairly present the financial position of the Lessee or the Consolidated Group, as the case may be, on and as of the date thereof and the results of its operations for the period or periods covered thereby. Since the most recent balance sheet and related statement of income and statement of changes in financial position there has been no material adverse change in the financial condition or results of operations of the Lessee or the Consolidated Group.

(g) Access to or Furnishing of Information. The Lessee agrees to furnish to the Lessor:

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

(2) within 60 days after the close of each of the first three quarters of each fiscal year of the Lessee or the Consolidated Group, as the case may be, an unaudited balance sheet and statement of changes in financial position of the Lessee or of the Consolidated Group at and as of the end of such quarter, together with an unaudited statement of income of the Lessee or of the Consolidated Group for such quarter;

(3) a notification of any material change in the Lessee's insurance coverage not less than 30 days prior to the effective date of any such change;

(4) on or before April 30, 1985 and on or before April 30 of each year during the term of this Lease, an accurate statement setting forth as of the preceding December 31, the amount, description and serial numbers of all Items of Equipment then subject to this Lease, the amount, description and serial numbers of all Items of Equipment which have suffered a Total Loss during the preceding calendar year and such other information regarding the condition and state of repair of the Equipment as the Lessor may reasonably request; and

(5) from time to time, such other information as the Lessor may reasonably request.

(h) Merger, Sale, etc. Upon any consolidation or merger of the Lessee with or into any other corporation or corporations (whether or not affiliated with the Lessee), or successive consolidations or mergers in which the Lessee or its successor or successors shall be a party or parties, or upon any sale or conveyance of all or substantially all of the property of the Lessee to any other Person, the Lessee will cause the due and punctual payment of all Rent and the due and punctual performance and observance of all covenants and obligations of the Lessee hereunder to be assumed by the corporation (if other than the Lessee) formed by such consolidation, or the corporation into which the Lessee shall have been merged or by the Person which shall have acquired such property.

(i) Exclusion of Equipment. If on any Closing Date the Total Invoice Cost of the Items of Equipment to be purchased on such date plus the aggregate of the Total Invoice Cost of the Items of Equipment paid for by the Lessor on all prior Closing Dates, would cause the Maximum Financing Cost with respect to the Equipment to be exceeded, then the Lessee and the Lessor shall enter into an agreement excluding from this Lease one or more Items of Equipment having a Total Invoice Cost at least equal to the amount of such excess described above, relieving the Lessor from any obligation to pay for such Items and providing the Lessee all the Lessor's rights and obligations in and to such Items of Equipment under the Purchase Documents.

SECTION 8. Warranty of the Lessor.

(a) The Lessor warrants that (i) during the term of this Lease, if no Default or Event of Default has occurred and is continuing, the Lessee's use of the Equipment shall not be interrupted by the Lessor or anyone claiming by, through or under the Lessor and (ii) it will not make any assignment under Section 15 (b) hereof unless and until the Lessor's Assignee agrees to comply with the foregoing.

(b) This Lease has been duly authorized, executed and delivered by the Lessor and, assuming due authorization, execution and delivery by the Lessee is a legal, valid and binding obligation of the Lessor, enforceable in accordance with its terms.

(c) The warranties set forth in paragraphs (a) and (b) of this Section are in lieu of all other warranties of the Lessor, whether written, oral or implied with respect to this Lease or the Equipment, and the Lessor shall not be deemed to have modified in any respect the obligations of the Lessee pursuant to Section 10 hereof, which obligations are absolute and unconditional. THE LESSEE EXPRESSLY AGREES TO LEASE EACH ITEM OF EQUIPMENT "AS IS". THE LESSOR SHALL NOT BE DEEMED TO HAVE MADE, AND THE LESSOR HEREBY DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OR THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, NOR SHALL THE LESSOR BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT), but the Lessor authorizes the Lessee, at

the Lessee's expense, to assert for the Lessor's account, during the term of this Lease, so long as no Default or Event of Default shall have occurred and be continuing hereunder, all of the Lessor's rights under any applicable manufacturer's or supplier's warranty, and the Lessor agrees to cooperate with the Lessee in asserting such rights; provided, however, that the Lessee shall indemnify the Lessor and hold the Lessor harmless from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection with, as a result of, or incidental to, any action by the Lessee pursuant to the above authorization. Provided that no Default or Event of Default has occurred and is continuing, any amount received by the Lessee as payment under any such warranty shall be retained by the Lessee and applied to restore the Equipment to the condition required by Section 11 hereof.

SECTION 9. Survival of Representations and Warranties; Binding Effect.

(a) Survival. All agreements, representations and warranties contained in this Lease or any other agreement, document or certificate delivered pursuant hereto or in connection herewith shall survive, and shall continue in effect following the execution, delivery and term of this Lease.

(b) Binding Effect. All agreements, representations and warranties in this or in any agreement, document or certificate delivered concurrently with the execution of this Lease or from time to time thereafter shall bind the party making the same and its successors and assigns and shall inure to the benefit of each party for whom made and their respective successors and assigns.

SECTION 10. Net Lease.

This Lease is a net lease, and the Lessee acknowledges and agrees that the Lessee's obligation to pay all Rent hereunder, and the rights of the Lessor in and to such Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, set-off, defense, counterclaim or recoupment (Abatements) for any reason whatsoever, including, without limitation, Abatements due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, against the manufacturer or supplier of any Item of Equipment, or against any other Person for whatever reason. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of the Lessee be affected, by reason of any defect in or damage to, or any loss of or destruction to, any Item of Equipment from whatsoever cause, or the interference with the use thereof by the Lessor or any Person, or 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 any failure of the Lessor to perform any obligation of the Lessor to the Lessee or any other Person under this Lease or any instrument or document executed in connection herewith, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and

shall continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. The obligation of the Lessee to pay Rent under this Lease is expressly conditioned upon the Lessor's payment of the Total Invoice Cost of the Equipment to the manufacturer or supplier of the Equipment.

SECTION 11. Use, Maintenance and Operation; Equipment Marking.

(a) The Lessee agrees that each Item of Equipment will be used in compliance with any and all statutes, laws, ordinances and regulations of any governmental agency applicable to the use thereof, and the Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Items of Equipment or the leasing thereof to the Lessee. Throughout the term of this Lease, the possession, use and maintenance of each Item of Equipment shall be at the sole risk and expense of the Lessee.

(b) So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of each Item of Equipment in accordance with the terms of this Lease. The Lessee shall be entitled to the use of each Item of Equipment upon lines of railroads owned or operated by it or any affiliate of the Lessee or upon lines of railroads over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is operated pursuant to contract or otherwise, and the Lessee shall be entitled to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items.

(c) The Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with all laws of the jurisdictions in which its operations involving the Items of Equipment may 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 Items of Equipment. To the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Item of Equipment, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

(d) The Lessee shall use the Items of Equipment only in the manner for which they were designed and intended. The Lessee will, at its own cost and expense, maintain each Item of Equipment so as (i) to keep it in as good condition as when delivered to the Lessee hereunder, ordinary wear and tear excepted and (ii) to keep it in compliance with the Interchange Rules of the Association of American Railroads and in the same condition as other similar equipment owned or leased by the Lessee. Any replacement made by the Lessee upon an Item of Equipment in connection with repairing such Item shall be considered an accession to such Item, and title to such replacement part (any such replacement part being herein referred to as a Replacement Part) shall, upon installation or affixation thereof, automatically vest in the Lessor. Effective upon installation or affixation of any Replacement Part, the Lessor shall be deemed to have disclaimed ownership of the original part so replaced.

(e) The Lessee may, without prior written consent of the Lessor, either (1) repair any Item of Equipment by the installation of a Replacement Part, or (2) affix or install any accessory, equipment or device on any Item of Equipment or make any improvement or addition thereto (any such accessory, installed equipment or device, improvement or addition affixed or installed pursuant to this clause (2) being herein referred to as an Improvement), if such Improvement will not impair the originally intended function or use of any such Item and is readily removable without causing material damage to such Item of Equipment. Any other Improvement may be affixed or installed only with the prior written consent of the Lessor unless such Improvement is required to comply with the Interchange Rules of the Association of American Railroads, the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising jurisdiction over the Items of Equipment. Improvements (i) which are not readily removable without causing material damage and which have been affixed to or installed on any Item or (ii) which are required for the operation or use of the Equipment by the Interchange Rules of the Association of American Railroads, the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising jurisdiction over the Items of Equipment, shall upon affixation or installation become the property of the Lessor and thereupon each such Improvement shall become a part of the Item of Equipment to which it is affixed or on which it is installed.

(f) The Lessee agrees, at its own cost and expense, to (1) cause each Item of Equipment to be kept numbered with the identification number therefor as specified in the Certificate of Acceptance therefor, and (2) maintain the Equipment Marking on each Item of Equipment and such other markings as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, the rights of the Lessor under this Lease and the Liens granted by the Lessor in financing the Total Invoice Cost of the Equipment. The Lessee will not place any Item of Equipment in operation or exercise any control or dominion over the same until the Equipment Marking has been placed thereon. The Lessee will replace promptly any such Equipment Marking which may have been removed, defaced or destroyed.

SECTION 12. Inspection.

The Lessor shall have the right, but not the duty, to inspect the Equipment. Upon the request of the Lessor, the Lessee shall confirm to the Lessor the location of each Item of Equipment and shall, within a reasonable time, make available to the Lessor ~~the Equipment on the Lessee's lines and the Lessee's records pertaining to the maintenance or operation of the Equipment.~~

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SECTION 13. Loss or Destruction; Requisition of Use.

(a) The Lessee hereby assumes and shall bear the entire risk of direct and consequential loss and damage to the Equipment from any and every cause whatsoever. Except as provided in this Section, no loss or damage to the Equipment or any part thereof shall release or impair any obligations of the Lessee under this Lease, which shall continue in full force and effect and shall be absolute during the term hereof. The Lessee agrees that the Lessor shall not incur any liability to the Lessee for any loss of business, loss of profits, expenses or any other damages resulting to the Lessee by reason of any delay in delivery or any delay caused by any non-performance, defective performance or breakdown of the Equipment nor shall the Lessor at any time be responsible for personal injury or the loss or destruction of any other property resulting from the Equipment. In the event of loss or damage of any kind whatsoever to any Item of Equipment, the Lessee shall, at the Lessee's expense: (i) place the same in good repair, condition and working order; or (ii) for loss or damage occurring, replace the same with like equipment of the same make and model, of equivalent value and in good repair, condition and working order or (iii) pay the Casualty Value pursuant to (b) hereof.

(b) The foregoing notwithstanding, in the event that (i) any Item of Equipment shall become worn out, lost, stolen, destroyed, rendered unfit for use or irreparably damaged or (ii) title thereto or use thereof is taken by any governmental authority under power of eminent domain or otherwise (hereinafter Requisition of Use) [each of (i) and (ii) being hereinafter referred to as a Total Loss] during the term of this Lease, the Lessee shall give prompt notice thereof to the Lessor. Thereafter, on the next Basic Rent Date, the Lessee shall pay to the Lessor the Basic Rent due on that date plus the Casualty Value of the Item or Items of Equipment with respect to which the Total Loss has occurred and any other sums due hereunder with respect to such Equipment.

(c) Upon making such payment in respect of any Item of Equipment, this Lease and the obligation to make future payments of Rent shall terminate solely with respect to the Equipment or Items thereof so paid for. The Lessee thereupon shall become entitled to the Equipment as is, where is. In furtherance thereof, the Lessor shall deliver to the Lessee a bill of sale with respect to the Item of Equipment, without recourse, representation or warranty, except that such Item of Equipment is free and clear of all claims, liens, security

interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor and, at the Lessee's expense, such other documents as may reasonably be requested by the Lessee.

(d) As used in this Lease, Casualty Value shall mean the product of the Total Invoice Cost of the Item or Items of Equipment having suffered such Total Loss and the applicable percentage factor set forth on the schedule of Casualty Value attached hereto as Exhibit C, as hereinafter provided:

(1) Casualty Value shall be determined as of the Basic Rent Date next succeeding the date of the Total Loss and the applicable percentage factor shall be that which is set forth with respect to the Basic Rent Date.

(2) After the Expiration Date, the Casualty Value shall be determined as of the last date appearing on Exhibit C hereto.

(e) In the case of a Requisition of Use of an Item of Equipment for an indefinite period or for a stated period which does not exceed the term of this Lease, such Requisition of Use shall not terminate this Lease with respect to such Item, and each and every obligation of the Lessee with respect thereto shall remain in full force and effect. So long as no Default or Event of Default shall have occurred and be continuing under this Lease, the Lessee shall be entitled to all sums attributable to the period such Item is subject to this Lease, received by reason of any such Requisition of Use.

SECTION 14. Insurance.

(a) The Lessee will, at all times prior to the return of the Equipment to the Lessor, carry and maintain or cause to be carried and maintained (i) property damage insurance with respect to the Equipment and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts and against such risks as is carried by the Lessee with respect to other equipment it owns or leases similar in nature to the Equipment. It is expressly noted, agreed and permitted that the Lessee and the Consolidated Group currently is self-insured in respect of property damage. The Lessee agrees to name the Lessor as an additional insured in respect of any policy carried under (ii) above to the extent of its interest in the Equipment.

(b) In the event that the Lessee shall fail to maintain insurance as provided in this Section, the Lessor may at its option, but without obligation, provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest on the amount of such cost at the Late Payment Rate, computed from the date of such payment of such cost.

(c) If the Lessor shall receive any insurance proceeds in respect of a Total Loss as defined in Section 13 hereof, the Lessor shall pay such proceeds to the Lessee; provided, however, that no Default or Event of Default shall have occurred and be continuing and

the Lessee shall have made payment of the Casualty Value. All casualty insurance proceeds received by the Lessor not in respect of a Total Loss shall be paid to the Lessee upon proof reasonably satisfactory to the Lessor that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired.

SECTION 15. Sublease by the Lessee; Assignment by the Lessor.

(a) By the Lessee. The Lessee will be permitted, without the prior consent of the Lessor, to sublet any Items of Equipment; provided, however, that no sublease shall be permitted hereunder unless the rights of the sublessee are expressly subject and subordinate to the rights of the Lessor or any Lessor's Assignee under this Lease. No sublease or other relinquishment of the possession of any Item of Equipment (whether or not authorized hereunder) shall in any way discharge or diminish any of the Lessee's obligations to the Lessor hereunder, and the Lessee shall continue to be primarily liable hereunder irrespective of any sublease.

(b) By the Lessor. Upon receipt of written notice of any assignment by the Lessor of this Lease, the Equipment, or any portion of its interest herein or therein to any assignee (Lessor's Assignee), the Lessee shall acknowledge receipt of such written notice and thereupon shall be deemed to have acknowledged and consented to such assignment. With respect to any such assignment, the Lessee agrees:

(i) To make each payment of Rent assigned thereby directly to such Lessor's Assignee as directed by the Lessor.

(ii) Not to seek to recover from the Lessor's Assignee any payment required by this Lease and made to such Lessor's Assignee once such payment is made.

(iii) That, to such extent as the Lessor's notice of such assignment shall indicate, all rights of the Lessor with respect to the Equipment shall be exercisable by any Lessor's Assignee.

(iv) To execute and deliver to the Lessor any financing statements, continuation statements or other documents prepared by the Lessor which are necessary to create, perfect, protect and preserve prior liens acquired, or intended to be acquired, by any Lessor's Assignee for the duration of such assignment.

(v) To execute and deliver such other documents as the Lessor or the Lessor's Assignee may reasonably request.

SECTION 16. Lease Extension Option.

(a) Provided that no Default or Event of Default has occurred and is continuing hereunder, the Lessee shall have the option to extend the term of this Lease with respect to all, but not less than all, the Equipment at the Expiration Date of this Lease or at the end of the first lease extension period for up to two consecutive periods of one year, each at a rental equal to the Fair Market Rental Value of the Equipment, determined as of the Expiration Date with respect to the

first lease extension period or as of the end of the first lease extension period with respect to the second lease extension period; provided, however, that the aggregate term of all lease extension periods shall not exceed two years.

(b) Not less than 180 days prior to the Expiration Date of this Lease or the end of the first lease extension period as applicable, the Lessee shall indicate, by written notice to the Lessor, the Lessee's interest in exercising the Lessee's lease extension option described above, which notice shall set forth the Lessee's estimate of the Fair Market Rental Value of the Equipment as of the end of the applicable period. If, on or before a date 120 days prior to the end of the applicable period, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental Value of such Equipment, such Fair Market Rental Value shall be determined in accordance with the procedure for Appraisal. Once the Fair Market Rental Value has been determined, whether by Appraisal or negotiation, the Lessee shall have fifteen days in which to exercise its option for lease extension.

SECTION 17. Purchase Option.

(a) Provided that no Default or Event of Default shall have occurred and be continuing, the Lessee may, at its option, purchase all, but not less than all, the Equipment at the Expiration Date or at the end of any applicable lease extension period provided in Section 16 hereof for a purchase price equal to the Fair Market Value of the Equipment determined as of the end of such periods (for purposes of this Section, the Purchase Price).

(b) Not less than 180 days' prior to the Expiration Date or the end of any applicable lease extension period provided in Section 16 hereof, the Lessee shall indicate, by written notice to the Lessor, the Lessee's interest in exercising its purchase option described above and requesting that the Lessor and the Lessee negotiate the Fair Market Value of the Equipment. In the event that such negotiation shall not determine the Fair Market Value of the Equipment on or before a date 120 days prior to the Expiration Date or the end of any such lease extension period, such Fair Market Value shall be determined in accordance with the procedure for Appraisal. Once the Fair Market Value has been determined, whether by Appraisal or negotiation, the Lessee shall have fifteen days in which to exercise its purchase option.

(c) If the Lessee has elected to purchase the Items pursuant to this Section and no Default or Event of Default shall have occurred and be continuing hereunder, the Lessee shall purchase from the Lessor and the Lessor shall sell to the Lessee the Equipment as is, where is, for a cash consideration equal to the Purchase Price. Upon payment of such Purchase Price, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or the Lessee's assignee or nominee, a bill of sale without recourse, representation or warranty except that the Equipment is free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor and, at the Lessee's expense, such other documents as may be reasonably requested by the Lessee.

SECTION 18. Return of Equipment.

(a) Return After Default. If this Lease shall terminate pursuant to Sections 23 and 24 hereof in respect of any item of Equipment, the Lessee shall forthwith deliver possession of such item of Equipment to the Lessor. Each Item of Equipment so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any Improvement considered an accession thereto as provided in Section 11 hereof and shall have removed therefrom at the Lessee's expense any Improvement which, as provided in Section 11, is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Equipment as above required, the Lessee shall at its own cost, expense and risk:

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

(ii) cause such Item of Equipment to be stored on such tracks at the risk of the Lessee without charge for rent or storage until such Item of Equipment has been sold, leased or otherwise disposed of by the Lessor.

The assembling, delivery and storage of the Items of Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver and store the Items of Equipment. During the period of storage, the Lessee will, at its own cost and expense, maintain insurance in accordance with the standards of Section 14 hereof, maintain and keep the Items of Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Items of Equipment to inspect the same. All amounts earned in respect of the Items of Equipment after the date of termination of this Lease shall, to the extent that such amount exceeds the expenses of the Lessee incurred in generating such earnings, belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment shall not be assembled, delivered and stored, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Basic Rent payable on the Basic Rent Date next succeeding the date of termination for such items of Equipment divided by 180 shall exceed such earnings received by the Lessor for such Item of Equipment.

(b) Return After Other Termination. If this Lease shall expire or terminate (other than pursuant to the provisions of Sections 23 and 24 hereof) in accordance with the terms hereof in respect of any Item of Equipment, the Lessee shall forthwith deliver possession of such Item of Equipment to the Lessor. Each Item of Equipment so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any improvement considered an accession thereto as provided in Section 11 hereof and shall have removed therefrom at the Lessee's expense any improvement which, as provided in Section 11 hereof, is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Equipment as above required, the Lessee shall at its own cost, expense and risk forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any such Item of Equipment has been interchanged or which may have possession thereof to return such Item of Equipment) and at the usual speed, deliver such Item of Equipment either (i) to the Lessor at any shop of the Lessee's choice, having been removed from the underlying flatcar, the Lessee hereby agreeing to permit the Lessor to store such Equipment at such location, free of cost, risk or expense for a period not to exceed 60 days (the Lessee hereby agrees to continue to provide the insurance required by Section 14 hereof and to continue to maintain the Equipment in the condition required by Section 11 hereof during such 60 day period); or (ii) at the cost, risk and expense of the Lessor and provided that the Lessor has made arrangements with another carrier entitled to use the underlying flatcars, the Lessee will deliver the Equipment affixed to such underlying flatcars to any other single point within the continental United States as the Lessor may designate. If the Lessor elects alternative (i), the Lessor shall have the right to cause the Lessee, at the cost, risk and expense of the Lessee, to remove the Equipment from the underlying flatcars and to disassemble the Equipment such that the Equipment is ready for delivery to a scrap dealer. In addition, if the Lessor elects alternative (i), the Lessee shall provide the Lessor with a list containing the location of each of its shops which possesses the capability (which shall mean all requisite equipment, personnel and schedule openings) to remove each Item of Equipment from the underlying flatcar and thereafter, if more than one shop has such capability, the Lessee shall consult with the Lessor as to the selection of which shop shall actually be utilized. It is expressly understood and agreed that while the Lessee shall in good faith attempt to comply with any Lessor request for a specific shop, the Lessee shall be free to make the ultimate selection based solely on its operational needs. The assembling and delivery of the Items of Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble and deliver the Items of Equipment. All amounts earned in respect of the Items of Equipment after the Expiration Date of this Lease shall, to the extent such amount exceeds the expenses of the Lessee incurred in generating such earnings, belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

In the event that any Item of Equipment shall not be assembled and delivered as hereinabove provided the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Basic Rent payable on the Basic Rent Date immediately preceding such termination for such Items of Equipment not so assembled and delivered divided by 180 shall exceed the actual earnings received by the Lessor for such Item of Equipment.

(c) Authority. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to the Lessor pursuant to the provisions of subparagraph (a) of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, to demand and take possession of such Item of Equipment in the name and on behalf of the Lessee from whomsoever shall be in possession on such Item of Equipment at the same time.

SECTION 19. Taxes.

The Lessee agrees to pay and to indemnify the Lessor for, and hold the Lessor harmless from and against, all franchise, sales, use, personal property, titling, recordation, ad valorem, value added, leasing, leasing use, stamp or other fees, taxes, levies, imposts, duties, charges or withholdings of any nature, together with any penalties, fines or interest thereon (Impositions) arising out of the transactions contemplated by this Lease and imposed against the Lessor, the Lessee or any Item of Equipment by any federal, state, local or foreign government or taxing authority upon or with respect to any Item of Equipment or upon the sale, 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 (excluding, however, taxes on, or measured by, net income, gross receipts, value added [except gross receipts and value added taxes in the nature of or in lieu of sales or use taxes], excess profit and other similar taxes) unless, and only to the extent that, the Lessee shall have given to the Lessor written notice of any such Imposition, which notice shall state that such Imposition is being contested by the Lessee in good faith with due diligence and by appropriate proceedings and the Lessor shall have determined that the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor. If a claim is made against the Lessee or the Lessor for any Imposition, the party receiving notice of such claim shall promptly notify the other. In case any report or return is required to be made with respect to any obligation of the Lessee under this Section or arising out of this Section, the Lessee, if permitted, will (after notice to the Lessor) make such report or return in such manner as will show the ownership of the Equipment in the Lessor and send a copy of such report or return to the Lessor or, if filing by the Lessee is not permitted, the Lessee shall deliver such report or return to the Lessor for filing. The Lessor agrees to cooperate fully with the Lessee in the preparation of any such report or return.

SECTION 20. Liens.

The Lessee shall not create, incur or suffer to exist upon or with respect to any Item of Equipment or title thereto or interest therein any Lien whatsoever other than (a) a Lien created by this Lease, (b) a Lien created by the rights of any sublessee or operator permitted by the terms of this Lease, (c) Lessor's Liens, (d) Liens for fees, taxes, levies, imports, duties or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of such Item of Equipment or any interest therein), (e) Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by the Lessee in the ordinary course of business for sums that are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such contest does not involve any substantial danger of the sale, forfeiture, or loss of such Item of Equipment or any interest therein) and (f) Liens arising out of any judgments or awards against the Lessee which have been adequately bonded to protect the Lessor's interests or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review.

SECTION 21. General Indemnification.

The Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Lessor, any Lessor's Assignee or any other Person making claim hereunder pursuant to the operation of Section 27 hereof (any such Person hereinafter referred to as Indemnified Party) from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability in tort), actions, suits, costs, expenses and disbursements (including, without limitation, attorneys' fees and expenses) of any kind and nature whatsoever (Claims) which may be imposed on, incurred by or asserted against such Indemnified Party, whether or not the Indemnified Party shall also be indemnified as to any such Claim by any other Person, in any way relating to or arising out of this Lease or any document contemplated hereby, or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition of any Item of Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify any Indemnified Party for (a) any Claim in respect of any Item of Equipment arising from acts or events which occur after possession of such Item of Equipment has been redelivered to the Lessor in accordance with Section 18 hereof, or (b) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of the Indem-

nified Party making claim hereunder. To the extent that any Indemnified Party in fact receives indemnification payments from the Lessee under the indemnification provisions of this Section, the Lessee shall be subrogated, to the extent of such indemnity paid, to the Indemnified Party's rights with respect to the transaction or event requiring or giving rise to such indemnity. THE LESSEE AGREES THAT NO INDEMNIFIED PARTY SHALL BE LIABLE TO THE LESSEE FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF EQUIPMENT FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILING TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS RESULTING FROM ANY FAILURE OF ANY ITEM OF EQUIPMENT, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF THE LESSEE.

SECTION 22. Tax Indemnification.

(a) This Lease has been entered into on the basis that the Lessor shall be entitled to such deductions, credits and other benefits as are provided to an owner of property, including, without limitation:

(1) the investment tax credit (Investment Tax Credit) allowed by Section 38 of the Code in an amount equal to 10% of the Total Invoice Cost of the Equipment;

(2) the Accelerated Cost Recovery System Deductions with respect to the Total Invoice Cost of the Equipment (adjusted as required by Section 48 (q) (1) of the Code) under Section 168 of the Code pertaining to five-year property (ACRS Deductions); and

(3) interest expense tax deductions (Interest Deductions) on recourse or nonrecourse debt obtained by the Lessor in connection with the transactions contemplated by this Lease.

(b) If:

(1) by reason of (i) the inaccuracy of any representation contained in Section 7 of this Lease or (ii) the act, failure to act or omission of or by the Lessee, the Lessor shall lose, shall not have or shall lose the right to claim, or there shall be disallowed or recaptured with respect to the Lessor, all or any portion of the Investment Tax Credit, the ACRS Deductions or the Interest Deductions; or

(2) any item of income, gain, loss or deduction with respect to the transactions contemplated hereby shall be treated as derived from, or allocable to, sources outside of the United States for Federal income tax purposes with the result that the amount of foreign tax credits that are allowed to the Lessor with respect to any taxable year shall be less than the amount of the foreign tax credits that would have been allowed to the Lessor with respect to such taxable year if it had not been required to treat such item of income, gain, loss or deduction as allocable to sources outside the United States; or

(3) any amount in respect of any Improvement to the Equipment shall be required to be included in the gross income of the Lessor for any taxable year prior to the taxable year in which the term of the Lease ends;

(any such loss, disallowance, recapture, or treatment described in the foregoing clause (1), (2), or (3) being hereinafter called a Loss), then whether such Loss occurs during or after the term of this Lease, the Lessor shall notify the Lessee in writing of such Loss and the Lessee shall, within 30 days after such notice, pay to the Lessor in a lump sum such amount as will cause the Lessor's net after-tax return over the term of this Lease to equal the net after-tax return that would have been available if no such Loss had occurred, taking into consideration the assumptions originally utilized by the Lessor in evaluating the transactions contemplated by this Lease. Such lump sum and such net after-tax return shall be computed (x) after consideration of all taxes required to be paid by the Lessor in respect of the receipt of such amounts under the laws of any Federal, state, or local government or taxing authority in the United States or under the laws of any foreign country or subdivision or any taxing authority thereof and (y) taking into consideration any interest, penalty or addition to tax incurred by the Lessor in connection with such Loss.

(c) Nothing contained herein shall be construed as requiring any payment on account of any Loss, to the extent such Loss results solely and directly from any act, failure to act or omission of or by the Lessor, including without limitation, (i) the Lessor's failure (1) to claim, in a timely manner and in accordance with the proper procedures including appropriate elections, the Investment Tax Credit, the ACRS Deductions or the Interest Deductions, except where such failure to claim is solely attributable to the Lessor's receipt of an opinion of independent tax counsel that there is no reasonable basis for claiming such Investment Tax Credit, ACRS Deductions or Interest Deductions; or (2) to file an income tax return with the Internal Revenue Service or the appropriate state or local taxing authority in the manner and at the proper place and time; (ii) (1) as a result of the Lessor's lack of sufficient income or income tax to benefit from the Investment Tax Credit, the ACRS Deductions or the Interest Deductions; or (2) from a transfer by the Lessor or the Lessor's other disposition of its interest in the Equipment (excluding a disposition arising out of an Event of Default); or (iii) is due to any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value if such Casualty Value shall thereafter actually be paid by the Lessee.

(d) For purposes of this Section a Loss shall occur upon the earlier of (1) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss or (2) the acceptance of a proposed adjustment of the tax return of the Lessor reflecting such Loss or (3) the filing of any return reflecting such Loss; provided, however, no indemnity for any Loss shall be payable under the foregoing paragraph (b) so long as such Loss is being contested in accordance with subparagraph (e) of this Section.

(e) If any event, including any claim against the Lessor by the Internal Revenue Service, occurs which, but for a successful contest hereunder, would require that the Lessee make a payment under subparagraph (b) of this Section (Disallowance), the Lessor agrees to contest the Disallowance on request of the Lessee subject to the following conditions:

(1) The Lessor agrees, within 30 days of becoming aware thereof, to notify the Lessee of any such Disallowance. The Lessee agrees that, in the event it desires the Disallowance to be contested, it shall request the Lessor to contest the Disallowance within 30 days after receipt of such notice. The Lessor agrees not to make any payment of any tax which is the subject of a Disallowance before it gives such notice and during the 30-day period after it gives such notice.

(2) The Lessor shall consult the Lessee regarding the commencement and prosecution of any and all administrative proceedings with the Internal Revenue Service in contesting any Disallowance. If such administrative proceedings are not pursued or are not successful, the Lessor shall, at the request of the Lessee, contest the Disallowance by action in the United States District Court, the United States Court of Claims or the United States Tax Court and, if necessary, bring appropriate appeals.

(3) Prior to taking any such action and prior to each appeal from any adverse determination, the Lessor shall receive from the Lessee an opinion of outside tax counsel of recognized standing, such counsel being reasonably acceptable to the Lessor, to the effect that on the basis of law and fact a reasonable defense exists to the Disallowance or that there is a reasonable basis for any refund claim, identifying such defense or basis, as the case may be. Subject to the foregoing, in no event will the Lessor compromise or settle the Disallowance or cease to contest such Disallowance without the prior written consent of the Lessee; provided, however, that the Lessor may so compromise or settle the Disallowance or cease to contest if the Lessor waives in writing its right to an indemnity under this Section for any Loss resulting from such Disallowance. The Lessee agrees to reimburse the Lessor for all reasonable costs incurred by the Lessor as a result of contesting the Disallowance. These costs and expenses shall include, without limitation, reasonable attorneys' and accountants' fees and disbursements, and any interest or penalty which may ultimately be payable to the United States of America as a result of contesting the Disallowance. If the Lessor elects to pay the tax associated with the Disallowance and sues for a refund, the Lessee shall provide the Lessor with sufficient funds (as an interest free loan) to pay such tax.

(4) If any such Disallowance referred to above shall be made by the Internal Revenue Service and the Lessee shall have requested the Lessor to contest such Disallowance and otherwise has complied with its obligations under this subparagraph (e), the Lessee's liability for indemnification hereunder shall become fixed upon final determination of the liability of the Lessor. At such time,

the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Lessor shall become obligated to pay to the Lessee any refund received. If in connection with such final determination the Lessor receives a refund of tax or would have received a refund had any payment made from funds provided by the Lessee not been applied in payment of tax liability determined to be owing by the Lessor for which the Lessee is not required to make an indemnity payment to the Lessor pursuant to this Section, such refund or an amount equal to such amount so applied, together with any interest also received (or which would have been received) by the Lessor and fairly attributable to such refund of tax or amount so applied, will be paid over to the Lessee.

(f) All the Lessor's rights arising from the indemnities contained in this Section shall survive the expiration or other termination of this Lease with respect to the Equipment, and such indemnities are expressly made for the benefit of, and shall be enforceable by, the Lessor, its successors and assigns.

SECTION 23. Events of Default.

The term Event of Default, wherever used herein, shall mean any of the following events under this Lease (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary, or come about or be effected by operation of law, or be pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

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

(b) The Lessee shall fail to carry and maintain or cause to be carried and maintained the insurance required by Section 14 hereof; or

(c) The Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease or any agreement, document or certificate delivered by the Lessee in connection herewith and such failure shall continue for 30 days after written notice thereof from the Lessor to the Lessee; or

(d) Any representation or warranty made by the Lessee in this Lease, except those contained in Section 7 (e) hereof (in which case the Lessor's sole remedy shall be pursuant to Section 22 hereof), or by the Guarantor in the Guarantee or in any agreement, document or certificate delivered by the Lessee in connection herewith or by the Guarantor in connection therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(e) A petition in bankruptcy or for reorganization or arrangement shall be filed by the Lessee or the Guarantor; or the Lessee or the Guarantor shall make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver, or a trustee or receiver shall be appointed for the Lessee or the Guarantor, for a

substantial part of the Lessee's or the Guarantor's property without its consent and any such trustee or receiver shall not be dismissed within a period of 60 days; or bankruptcy, reorganization or insolvency proceedings shall be instituted against the Lessee or the Guarantor and shall not be dismissed within a period of 60 days.

SECTION 24. Remedies.

(a) Upon the occurrence of any Event of Default and so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, the Lessor may exercise one or more of the following remedies, as the Lessor in its sole discretion shall lawfully determine:

(1) Proceed by appropriate court action, 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; and/or

(2) By notice in writing terminate this Lease, whereupon all rights of the Lessee to the use of the Equipment shall absolutely cease and terminate but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessee, if so requested by the Lessor, shall at the Lessee's cost, risk and expense promptly return the Equipment to the possession of the Lessor as provided in Section 18 (a). The Lessee shall, without further demand, forthwith pay to the Lessor an amount equal to (i) all Rent then due and payable; plus (ii) the Rent due on the Basic Rent Date next succeeding the date on which the Lessor has declared this Lease to be in default multiplied by a fraction the numerator of which is equal to the number of days elapsed between the Basic Rent Date preceding such notice of termination and the date on which such notice is actually given, and the denominator of which is equal to 180; plus (iii) as liquidated damages for loss of a bargain and not a penalty, an amount equal to the Casualty Value of the Equipment then subject to this Lease, computed as of the Basic Rent Date next succeeding the date on which the Lessor has declared this Lease to be in default; plus (iv) interest at the Late Payment Rate on the full amount of the Casualty Value, computed from the date as of which the Casualty Value is calculated to the date actually paid by the Lessee. Following the return of the Equipment to the Lessor pursuant to this subparagraph (2), the Lessor shall (x) proceed to dispose of the Equipment in a commercially reasonable manner at public or private sale and with or without notice to the Lessee, and apply the net proceeds of such disposition, after deducting all costs incurred in connection with such disposition (including, but not limited to, costs of transportation, possession, storage, refurbishing, advertising and brokers' fees) as hereinafter set forth, or (y) retain the Equipment and credit the Fair Market Value thereof as hereinafter set forth. If disposition pursuant to clause (x) above is other than pursuant to cash sale, the proceeds of disposition to be applied as hereinafter set forth shall be deemed to be the present value of any deferred payments discounted at a discount rate of 9.5%, per annum. The proceeds of such disposition pursuant to clause (x) or the Fair Market Value of the

Equipment pursuant to clause (y), plus any sums received by the Lessor under Section 18 (a) hereof, shall be applied by the Lessor (A) first, to pay all costs, charges and expenses, including reasonable attorneys' fees and disbursements incurred by the Lessor as a result of the Default and the exercise of its remedies with respect thereto, (B) second, to pay to the Lessor an amount equal to any unpaid amount required to be paid by the Lessee pursuant to this Lease, and (C) third, to reimburse the Lessee for all sums to the extent previously paid by the Lessee as liquidated damages hereunder. Any surplus remaining thereafter shall be retained by the Lessor.

(b) The Lessee shall be liable for all costs, charges and expenses, including reasonable attorneys' fees and disbursements, incurred by the Lessor by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto.

(c) No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor in law or in equity. No express or implied waiver by the Lessor of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of the Lessor in exercising any rights granted it hereunder upon any occurrence of any of the contingencies set forth in this Section shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by the Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

SECTION 25. Terms in Exhibit B.

The terms set forth in Exhibit B hereto shall be applicable to this Lease as though fully set forth herein.

SECTION 26. Notices.

All communications and notices provided for herein (excluding billings and communications in the ordinary course of business) shall be in writing and shall become effective when deposited in the United States mail, with proper postage for First Class Mail, certified and prepaid, return receipt requested, addressed (a) if to the Lessor, at its address set forth on the signature page hereof, and (b) if to the Lessee, at its address set forth on the signature page hereof. Copies of all such communications and notices should be sent to Savance Corporation, 45 Belden Street, San Francisco, California 94104; provided, however, that failure to provide notice to Savance Corporation shall not affect any action.

SECTION 27. Successors, Assigns and Indemnified Parties.

This Lease, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of, and may be enforced by, (1) the Lessor and its successors, assigns, agents,

servants and personal representatives, and, where the context so requires, any Lessor's Assignee and the successors, assigns, agents, servants and personal representatives of such Lessor's Assignee and (2) the Lessee and its successors and, to the extent permitted hereby, sublessees. With respect to the provisions of Sections 9, 19 and 21 hereof, each Lessor's Assignee, any other holder of obligations of the Lessor issued in connection with the purchase or acquisition of the Equipment, and the successors, assigns, agents, servants and personal representatives of the foregoing shall each be indemnified thereunder and, with respect to clause (b) of the proviso to Section 21 hereof, the willful misconduct or gross negligence of the Lessor or any one such person shall not affect the rights of any other person indemnified under Section 21.

SECTION 28. Amendments and Miscellaneous.

(a) The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by a written instrument signed by the Lessor and the Lessee.

(b) All agreements, indemnities, representations and warranties contained in this Lease or any agreement, document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

(c) Any provision of this Lease which may be determined by competent authority to be 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, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(d) This Lease shall constitute an agreement of lease and nothing herein shall be construed as conveying to the Lessee any right, title or interest in or to the Equipment, except as lessee only.

(e) This Lease may be executed in any number of counterparts and by the Lessor and the Lessee on separate counterparts.

(f) This Lease shall be governed by, and construed in accordance with, the laws of the State of Ohio.

(g) The division of this Lease into sections, the provision of a table of contents and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Lease.

(h) Although this Lease is dated as of the date first above written for convenience, the actual dates of execution hereof by the Lessor and the Lessee are respectively the dates set forth in the acknowledgments hereto, and this Lease shall be effective on the latest of such dates.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed by their respective officers thereunto duly authorized.

Attest: *[Signature]*
ROBERT E. DORR
(Typed or Printed Name)

[Corporate Seal]

^{Leverage}
POTOMAC LEASING COMPANY,
as Lessor
By: *[Signature]*
S. L. RUBINI
(Typed or Printed Name)

Title: VP

Address:
1300 Indian Wood Circle
Maumee, Ohio 43537

Attention: President

Attest: *[Signature]*
E. G. FONTAINE
(Typed or Printed Name)

[Corporate Seal]

GRAND TRUNK WESTERN
RAILROAD COMPANY,
as Lessee
By: *[Signature]*
P. E. TATRO
(Typed or Printed Name)

Title: SR VP - Finance

Address:
131 W. Lafayette Blvd.
Detroit, Michigan 48226

Attention: Corporate Secretary

STATE OF ~~OHIO~~ ^{MICHIGAN})
)
COUNTY OF WAYNE) ss.:

On the 1st day of ~~January~~ ^{February} 1984, before me personally appeared S. L. RUBINI, who, being by me duly sworn, did say that he/she is an Authorized Officer of POTOMAC LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

J. Isabelle Matusko
Notary Public

[NOTARIAL SEAL]

My Commission Expires: J. ISABELLE MATUSKO
Notary Public, Oakland County, MI
My Commission Expires Feb. 17, 1987
Acting in Wayne County

STATE OF MICHIGAN)
)
COUNTY OF WAYNE) ss.:

On the 1st day of ~~January~~ ^{February} 1984, before me personally appeared P. E. TATRO, who, being by me duly sworn, did say that he/she is an Authorized Officer of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation, by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

J. Isabelle Matusko
Notary Public

[NOTARIAL SEAL]

My Commission Expires: J. ISABELLE MATUSKO
Notary Public, Oakland County, MI
My Commission Expires Feb. 17, 1987
Acting in Wayne County



EXHIBIT A

CERTIFICATE OF ACCEPTANCE

TO: Potomac Leasing Company, as Lessor
Grand Trunk Western Railroad Company, as Lessee

RE: Master Equipment Lease Dated as of January 5, 1984 (Lease)
by and between Potomac Leasing Company, as Lessor ("Lessor")
and Grand Trunk Western Railroad Company, as Lessee
("Lessee")

Gentlemen:

I have been appointed as the duly authorized representative for the purpose of accepting the Items of Equipment (as defined in the Lease) under the (i) Purchase Documents (as defined in the Lease) and (ii) the Lease (pursuant to Section 3 of the Lease).

I do hereby certify that in respect of the Item(s) of Equipment described below:

1. Each Item has been inspected and is in good order.
2. Based on my determination that each Item is in compliance with all applicable specifications, each Item is hereby accepted for all purposes of the Lease.

Builder:

Type of Equipment:

Date Accepted:

Number of Items:

<u>Serial Numbers</u>	<u>Attached to Flatcars Bearing Road Numbers</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The execution of this Certificate of Acceptance will in no way relieve or decrease the responsibility of the Builder named above for any warranties it has made with respect to the Equipment.

Authorized Representative
of Lessee and Lessor

EXHIBIT B
To Lease

Equipment: Attached to flatcars bearing road numbers shown on the Schedule attached to this Exhibit B.

<u>Number of Units</u>	<u>Description</u>	<u>Manufacturer</u>
33	Fully enclosed bi-level auto racks	Thrall Car Manufacturing Company
17	Bi-level auto racks with standard height doors	Thrall Car Manufacturing Company
50	Bi-level, covered, partially enclosed auto racks with side screens	Portec, Inc.

Date of Lease: As of January 5, 1984

Estimated First Delivery Date: January 20, 1984

Estimated Final Delivery Date: March 30, 1984

Estimated Lessor's Cost: \$2,472,682

Maximum Financing Cost: \$2,719,950

Late Payment Rate: A rate per annum equal to the prime rate as such rate is in effect, from time to time, at Continental Illinois National Bank and Trust Company of Chicago, plus 1-1/2%, but in no event at a rate per annum greater than that permitted by applicable law.

Equipment Marking:

In letters not less than one inch in height: "AUTO RACK OWNED UNDER A SECURITY AGREEMENT FILED UNDER SECTION 11303 OF THE INTERSTATE COMMERCE ACT AND LEASED UNDER A LEASE DEPOSITED UNDER SECTION 86 OF THE RAILWAY ACT OF CANADA".

SCHEDULE To
EXHIBIT B
To Lease

<u>Description of Auto Racks</u>	<u>Attached to Flatcars Bearing Road Numbers</u>			
Bi-level auto racks with standard height doors	TTSX 940037	TTSX 940172	TTSX 941691	TTSX 940170
	TTSX 940091	TTSX 940175	TTSX 941764	TTSX 941583
	TTSX 940093	TTSX 940975	TTSX 941775	
	TTSX 940147	TTSX 941351	TTSX 963568	
	TTSX 940158	TTSX 941376	TTSX 964469	
Fully enclosed bi-level auto racks	TTGX 940001	TTGX 940986	TTGX 941759	
	TTGX 940038	TTGX 941197	TTGX 941769	
	TTGX 940043	TTGX 941495	TTGX 941773	
	TTGX 940051	TTGX 941543	TTGX 941940	
	TTGX 940073	TTGX 941549	TTGX 941941	
	TTGX 940087	TTGX 941569	TTGX 962321	
	TTGX 940111	TTGX 941578	TTGX 963008	
	TTGX 940154	TTGX 941598	TTGX 963015	
	TTGX 940168	TTGX 941602	TTGX 963353	
	TTGX 940184	TTGX 941687	TTGX 940099	
	TTGX 940979	TTGX 941746	TTGX 964793	
Bi-level covered partially enclosed auto racks with side screens	GTW 504314 plus 49 other flatcars bearing TTNX road numbers which are to be finalized by amendment at a later date.			

EXHIBIT C
To Lease

The Casualty Value of each Item of Equipment shall be the product of the Total Invoice Cost of such Item times the percentage set forth opposite the applicable Basic Rent Date. In the event that the Lessee makes payment under Section 22 of the Lease, Casualty Values shall be adjusted accordingly.

<u>Basic Rent Date</u>	<u>Casualty Value</u>
January 1, 1985	97.3106
July 1, 1985	98.3317
January 1, 1986	97.9589
July 1, 1986	97.9622
January 1, 1987	96.5513
July 1, 1987	95.4775
January 1, 1988	92.9961
July 1, 1988	91.1956
January 1, 1989	88.3997
July 1, 1989	86.1518
January 1, 1990	81.4653
July 1, 1990	76.5686
January 1, 1991	71.5142
July 1, 1991	66.2516
January 1, 1992	60.8187
July 1, 1992	55.1649
January 1, 1993	49.3277
July 1, 1993	43.2558
January 1, 1994	36.9865
July 1, 1994	30.4435
January 1, 1995	28.1651
July 1, 1995	25.8505
January 1, 1996	23.4757
July 1, 1996	20.0000
and thereafter	

EXHIBIT C
To Lease

Casualty Values have been computed without regard to recapture of Investment Tax Credit. Consequently, the percentage applicable on any Basic Rent Date where Casualty Value shall be payable with respect to a Total Loss shall be increased as set forth below:

For a Total Loss occurring on or after the Date of Acceptance and before the first anniversary thereof, the Casualty Value shall be increased by an amount equal to 18.5185%.

For a Total Loss occurring on or after the first anniversary of the Date of Acceptance and before the second anniversary thereof, the Casualty Value shall be increased by an amount equal to 14.8148%.

For a Total Loss occurring on or after the second anniversary of the Date of Acceptance and before the third anniversary thereof, the Casualty Value shall be increased by an amount equal to 11.1111%.

For a Total Loss occurring on or after the third anniversary of the Date of Acceptance and before the fourth anniversary thereof, the Casualty Value shall be increased by an amount equal to 7.4074%.

For a Total Loss occurring on or after the fourth anniversary of the Date of Acceptance and before the fifth anniversary thereof, the Casualty Value shall be increased by an amount equal to 3.7037%.

EXHIBIT D
To Lease

PURCHASE DOCUMENTS

1. In the case of each Item of Equipment which was not ordered in the name of the Lessor, General Assignment of Purchase Orders, dated as of the date of this Lease, substantially in the form set forth in Attachment 1 hereto, duly executed by the Lessee.

2. In the case of each Item of Equipment which was not ordered in the name of the Lessor, a Consent to Assignment of Purchase Orders, dated on or before the earliest date appearing on any Certificate of Acceptance therefor, substantially in the form set forth in Attachment 2 hereto, duly executed by the manufacturer or supplier thereof.

3. A Bill of Sale, dated the Closing Date for each such Item, substantially in the form attached to the aforementioned Consent, duly executed by the manufacturer or supplier thereof.

4. An invoice of each such manufacturer or supplier, on a form or forms customarily used by such manufacturer or supplier, setting forth the Total Invoice Cost of the related Item of Equipment.

GENERAL ASSIGNMENT OF PURCHASE ORDERS

THIS GENERAL ASSIGNMENT OF PURCHASE ORDERS dated as of January 5, 1984 between Grand Trunk Western Railroad Company (the Assignor) and Potomac Leasing Company (the Assignee).

W I T N E S S E T H :

In consideration of the mutual covenants herein contained, the Assignee and the Assignor agree as follows:

(a) The Assignor does hereby sell, assign, transfer and set over unto the Assignee all of the Assignor's right, title and interest in, to and under a letter of purchase dated _____ attached hereto as Exhibit I (hereinafter the Purchase Order) with respect to any equipment which has or may become an Item of Equipment (as such term is defined in a Master Equipment Lease dated as of the date hereof between the Assignee, as lessor, and the Assignor, as lessee, which Master Equipment Lease is herein referred to as the Lease), including, without limitation, the right to purchase and to take title to each such Item of Equipment pursuant to the applicable Purchase Order. Notwithstanding the foregoing, so long as the Assignee shall not have declared the Lease to be in default or until return of an Item of Equipment to the Assignor in accordance with the Lease, the Assignee authorizes the Assignor, to the exclusion of the Assignee, to exercise all rights and powers of the Assignee, as buyer under the Purchase Order.

(b) It is expressly agreed that, anything herein contained to the contrary notwithstanding:

(1) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the manufacturer or supplier under the Purchase Order except to the extent that such exercise by the Assignee shall constitute performance of such duties or obligations; and

Attachment 1 to
EXHIBIT D
to Lease

(2) The Assignee shall not have any obligation or liability under the Purchase Order by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of the Assignor under the Purchase Order or to make payment (other than to make payment of the Total Invoice Cost with respect to each Item of Equipment to the extent and upon the terms and conditions set forth in the Lease) or to make any inquiry as to the sufficiency of any payment received by any of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

(c) The Assignor agrees that at any time and from time to time, upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver or cause to be delivered on its behalf any and all such further instruments and documents and take such further action as the Assignee may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

(d) This Assignment shall be governed by, and for all purposes construed in accordance with, the laws of the State of Ohio.

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

GRAND TRUNK WESTERN RAILROAD COMPANY
As Assignor

By: _____

Title: _____

POTOMAC LEASING COMPANY
As Assignee

By: _____

Title: _____

Attachment 2 to
EXHIBIT D
to Lease

(Letterhead of Manufacturer or Supplier)

Potomac Leasing Company
1300 Indian Wood Circle
Maumee, Ohio 43537
Attention: _____

Grand Trunk Western Railroad Company
131 W. Lafayette Boulevard
Detroit, Michigan 48226
Attention: _____

Dear Sirs:

The undersigned, _____ (the Seller), hereby consents to the assignment by Grand Trunk Western Railroad Company (the Lessee) to Potomac Leasing Company (the Lessor) of the Lessee's rights under its letter dated _____ (the Purchase Order) which Purchase Order was issued by the Lessee to the Seller. The Seller understands that such assignment is made in contemplation of the leasing by the Lessor to the Lessee of the equipment covered by such letter (the Equipment). The Seller agrees that subject to the terms and conditions of the Lease (as hereinafter defined) the Lessor will purchase the Equipment from the Seller upon receipt from the Lessee of an executed Certificate of Acceptance in the form provided in the Master Equipment Lease dated as of January 5, 1984 (the Lease) and that the Lessor will pay for the Equipment. The Seller agrees that none of the duties or obligations (other than payment of the purchase price of the Equipment) of the Lessee under any agreements of any nature between the Seller and the Lessee has been in any manner assumed by the Lessor.

The Seller agrees that, anything in the letter to the contrary notwithstanding, upon delivery and acceptance of the Equipment by the Lessee on behalf of the Lessor as evidenced by the execution of a Certificate of Acceptance as described above, title to the Equipment shall vest in the Lessor and promptly upon having received payment therefor the Seller shall execute and deliver to the Lessor a Bill of Sale in the form attached hereto with respect to the Equipment.

The Seller agrees that (i) notwithstanding any assignment of the Purchase Order it will extend all applicable warranties to the Lessor and the Lessee and (ii) it will indemnify and save the Lessor and the Lessee harmless from any liability, loss, damage, claim or expense which arises out of any claims for patent infringement relating to the Equipment.

Very truly yours,

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT _____
(the Seller), for good and valuable consideration to it paid by or on
behalf of Potomac Leasing Company (the Purchaser), does hereby grant,
bargain, sell, transfer and deliver unto the Purchaser, its successors
and assigns, all of the Seller's right, title to and interest in the
Equipment described below:

TO HAVE AND TO HOLD the same unto the Purchaser, its successors
and assigns, forever.

The Seller warrants that it is the lawful owner of the Equipment
described above, that it has good right to sell the same, that such
Equipment, at the time of delivery was new and unused and that title
to all such Equipment is on the date hereof good and marketable and is
free and clear of all claims, liens and encumbrances by or in favor of
any person claiming by, through or under Seller and that the Seller
will defend such title.

IN WITNESS WHEREOF, the Seller has caused this instrument to be
executed by its duly authorized officer as of the _____ day of
_____, 1984.

By: _____

Title: _____

EXHIBIT E
To Lease

GUARANTEE AGREEMENT

Terms used herein shall have the meanings set forth in Attachment 1 hereto.

In consideration of the Lease entered into by the Lessor with the Lessee, Grand Trunk Corporation, a corporation (the "Guarantor"), hereby agrees with the Lessor as follows:

SECTION 1. The Guarantee. The Guarantor absolutely, irrevocably and unconditionally guarantees, as primary obligor, to the Lessor (a) the full and punctual payment (taking into consideration applicable grace periods) by the Lessee when due (whether by acceleration or otherwise) of the Lease Payments irrespective of the validity or enforceability of the Lease or any of the other Lease Documents, the guarantee under this clause (a) of this Section 1 constituting hereby a guarantee of payment and not of collection, and (b) the punctual (taking into consideration applicable grace periods) and faithful performance by the Lessee of each and every other duty, agreement, covenant and obligation of the Lessee under and in accordance with the terms of the Lease.

The Guarantor does hereby agree that in the event that the Lessee does not or is unable to pay or perform in accordance with the terms of the Lease for any reason (including, without limitation, the liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceedings affecting the status, existence, assets or obligations of, the Lessee or the limitation of damages for the breach, or the disaffirmance, of the Lease in any such proceeding) it will pay the sums, or amounts equal thereto, which the Lessee is obligated to pay at the times specified in the Lease (it being the intention hereof that the Guarantor shall pay to the Lessor as a payment obligation directly due from the Guarantor to the Lessor, amounts equal to all amounts which the Lessee shall fail faithfully and properly to pay when due under the Lease), or otherwise provide for and bring about promptly when due (taking into consideration applicable grace periods) such payment and the performance of such duties, agreements, covenants and obligations of the Lessee under the Lease.

The Guarantor hereby waives (a) notice of acceptance hereof and of any action taken or omitted in reliance hereon, (b) presentment for payment upon the Lessee, demand of payment from the Lessee, protest or, except as specifically set forth herein, notice of nonpayment or failure to perform on the part of the Lessee, and (c) the benefit and advantage of any and all valuation, stay, appraisal, extension or redemption laws which, but for this provision, agreement and waiver, might be applicable to any sale made under any judgment, order or decree of any court or otherwise based on this Guarantee Agreement. This Guarantee shall, except as specifically set

forth herein, remain operative and in full force and effect until the Obligations have been paid and performed in full. If any Lease Payment made by any person or entity other than the Guarantor shall at any time be turned over to a trustee in bankruptcy or any other person or entity, by the recipient thereof in compliance with an order of a court having jurisdiction over any bankruptcy or insolvency proceedings relating to the Lessee, the amount so repaid shall not be deemed to have been paid and shall be deemed to be outstanding and the obligation of the Guarantor hereunder to make such Lease Payment shall remain in full force and effect.

SECTION 2. Lack of Conditions Precedent to Enforcement. Without limiting the generality of Section 1 hereof, but subject to Section 3 hereof, the Guarantor specifically agrees that it shall not be necessary or required, and that it shall not be entitled to require, that the Lessor file suit or proceed to obtain or assert a claim for personal judgment against the Lessee for the Obligations or make any effort at collection of the Obligations from the Lessee or foreclose against or seek to realize upon any security now or hereafter existing for the Obligations or file suit or proceed to obtain or assert a claim for personal judgment against any other party liable for the Obligations or make any effort at collection of the Obligations from any such other party or exercise or assert any other right or remedy to which any of them is or may be entitled in connection with the Obligations or any security or other guarantee therefor or assert or file any claim against the assets of the Lessee or other person liable for the Obligations, or any part thereof, before or as a condition of enforcing the liability of the Guarantor under this Guarantee or requiring payment of said Obligations by the Guarantor hereunder, or at any time thereafter.

SECTION 3. Notice. Cure. Etc.

(a) The Lessor agrees that prior to any exercise of any remedies hereunder or under Section 24 of the Lease, the Lessor shall give the Guarantor at least 10 Business Days' prior written notice (such 10 Business Days following the giving of such notice, the Notice Period) specifying each Event of Default which has occurred and is continuing under the Lease, and if any such Event of Default is caused in whole or in part by the nonpayment of any Lease Payment then due and payable and shall allow any applicable grace period under the Lease to lapse.

(b) During the Notice Period the Guarantor (i) shall cure any Event of Default which has occurred and is continuing and (ii) may, at its option, by delivery to the Lessor of written notice to such effect, assume all of the Obligations. The Lessor agrees to consent in writing to such assumption and to execute and deliver to the Guarantor such further documentation presented to it by the Guarantor as may be reasonably necessary to evidence such assumption.

SECTION 4. Absolute Guarantee. Subject to Section 3 hereof, the Obligations of the Guarantor under this Guarantee Agreement shall be absolute and unconditional and shall remain in full force and effect until the Obligations shall have been fully discharged and shall not be released or discharged for any reason whatsoever, including, without limitation, the following: (i) the waiver by the Lessor or its successors or assigns, of the performance or observance by the Lessee of any of the agreements,

covenants, terms or conditions contained in the Lease, or any default thereunder, (ii) the extension of time for payment by the Lessee of any sums or any part thereof owing or payable under the Lease, or of the time for performance by the Lessee of any other obligations under or arising out of or on account of the Lease, or the extension or renewal of the Lease. (iii) any failure, omission or delay of the Lessor to enforce, assert or exercise any right, power or remedy conferred on the Lessor in the Lease, or any action on the part of the Lessor granting extension or indulgence in any form, (iv) any transfer or assignment by the Lessee or the Lessor of its interest, or any part thereof, in and to any Leased Equipment, (v) any compromise, settlement, release, renewal, extension, indulgence, change in or waiver or modification of any of the Obligations or the release or discharge of the Lessee from the performance or observance of any of the Obligations by operation of law, (vi) any assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the Lessee in the Lease or in any Leased Equipment (vii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets and liabilities of, or the voluntary or involuntary receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, the Lessee or the disaffirmance of the Lease in any such proceeding or (viii) any other circumstance which might otherwise constitute a legal or equitable defense or discharge of a Guarantor.

SECTION 5. Representations and Warranties. The Guarantor represents and warrants for the benefit of the Lessor that:

(i) the Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby;

(ii) this Guarantee Agreement has been duly authorized, executed and delivered by the Guarantor and is the legal, valid and binding obligation of the Guarantor, enforceable against it in accordance with the terms hereof;

(iii) no authorization, consent or approval of any governmental authority is necessary for the execution, delivery or performance by the Guarantor of this Guarantee Agreement;

(iv) neither the execution, delivery or performance by the Guarantor of this Guarantee Agreement, nor compliance with the terms and provisions hereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of the Guarantor or any order, writ, injunction or decree of any court or governmental authority against the Guarantor or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which the Guarantor is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder; and

(v) there are no suits or proceedings pending or, to the knowledge of the Guarantor, threatened in any court or before any arbitrator, regulatory commission, board or other governmental administrative agency against or affecting the Guarantor which are likely to have a material adverse effect on the business or operations of the Guarantor or its ability to fulfill its obligations under this Guarantee Agreement.

SECTION 6. Covenants. The Guarantor covenants and agrees that from and after the date hereof and so long as this Guarantee Agreement shall remain in effect the Guarantor will deliver to the Lessor on or prior to each Closing Date (as such term is defined in the Lease), an opinion of counsel for the Guarantor in form and in substance reasonably satisfactory to the Lessor and counsel to the Lessor covering the matters set forth in Section 5 hereof.

SECTION 7. Payments. All payments to be made by the Guarantor hereunder shall be made at the place of payment specified in the Lease, in United States dollars and in such funds as are specified for payments in the Lease. Upon payment by the Guarantor of any of the Lease Payments, the Guarantor shall be subrogated to all right, title and interest of the Lessor with respect thereto and to the extent thereof. Payment by the Lessee or the Guarantor (or either of them) of any of the Lease Payments shall dispose of any claim hereunder with respect to, and to the extent of, such of the Lease Payments paid; provided, however, that unless and until all Lease Payments shall have been paid, the Guarantor shall not claim or enforce any right of subrogation, reimbursement or indemnity against the Lessee.

SECTION 8. Extent of Guarantee. Notwithstanding anything in this Guarantee Agreement to the contrary, the obligations of the Guarantor hereunder are not intended as, and do not constitute, a guarantee of the residual value of the Leased Equipment. This Guarantee Agreement shall not be deemed to create any right in any person nor be construed in any respect to be a contract in whole or in part for the benefit of any person except as provided herein.

SECTION 9. Acknowledgement of Agreement. The Guarantor acknowledges that it is fully aware of, and consents to the terms and conditions of, the Lease and each other document delivered or to be delivered pursuant thereto.

SECTION 10. Miscellaneous. (a) Except as expressly otherwise provided herein, all notices, requests, demands or other communications to or upon the parties hereto, shall be deemed to have been duly given or made when signed by an appropriate officer or other representative and delivered to the party to which such notice, request, demand or other communication is required or permitted to be given or made hereunder at the addresses of the parties specified below, or to such other address as any of such parties may hereafter specify to the other in writing or mailed, postage prepaid by First Class Mail, certified and addressed to the address specified below.

(b) The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Lessor would otherwise have. No waiver of any of the terms and conditions of this Guarantee Agreement and no notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute the waiver of the rights of the Lessor to any other or further action in any circumstances without notice or demand.

(c) This Guarantee Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Ohio.

(d) This Guarantee Agreement may not be changed orally but only by an instrument in writing signed by the Guarantor and the Lessor.

IN WITNESS WHEREOF, the Guarantor and the Lessor have caused this Guarantee Agreement to be duly executed and delivered by their duly authorized officers or representatives as of the dates set forth below.

GRAND TRUNK CORPORATION,
as Guarantor

By: _____

(Typed or Printed Name)

Title: _____

Date: January __, 1984

Address: 477 Congress Street
Portland, Maine 04104
Attention: Corporate Secretary

POTOMAC LEASING COMPANY,
as Lessor

By: _____

(Typed or Printed Name)

Title: _____

Date: January __, 1984

Address: 1300 Indian Wood Circle
Maumee, Ohio 43537
Attention: President

ATTACHMENT 1

Definitions

As used in the Guarantee Agreement to which this Attachment 1 is attached, the following terms shall have the meanings herein specified and shall include in the singular number the plural and in the plural number the singular:

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which banks in the Cities of Toledo, Ohio or Detroit, Michigan are authorized to close.

"Event of Default" shall have the meaning set forth in Section 23 of the Lease.

"Lease" shall mean the Master Equipment Lease dated as of January 5, 1984 between the Lessee and the Lessor.

"Lease Documents" shall mean the Lease.

"Lease Payments" shall mean each payment of Rent as such term is defined in the Lease.

"Leased Equipment" shall mean the Items of Equipment (as defined in the Lease) subject to the Lease at any given time.

"Lessee" shall mean Grand Trunk Western Railroad Company, and shall include the Lessee's successors and assigns under the Lease.

"Lessor" shall mean Potomac Leasing Company, and shall include the Lessor's successors and assigns under the Lease and any "Lessor's Assignee" as such term is used in Section 15 (b) of the Lease.

"Obligations" shall mean each obligation of the Lessee guaranteed hereunder by the Guarantor.