

0-083A050

11615

RECORDATION NO. Filed 1425

MAR 28 1980 - 12 05 PM

DATE MAR 28 1980
FEE \$ 50.00

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Washington, D.C.

ICS Washington, D. C.

Gentlemen:

Enclosed for recordation under the provisions of 49 USC Section 11303(a) are the original and ten counterparts of an Equipment Lease dated as of March 1, 1980.

The general description of the railroad equipment covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessor: First Security Bank of Utah, N.A.
as Trustee under KCPL Trust No. 80-1
79 South Main Street
Salt Lake City, Utah 84111

Lessee: Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105
Attention: L. C. Rasmussen

The undersigned is the Lessor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and eight counterparts of the Equipment Lease to Gary Green, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

FIRST SECURITY BANK OF UTAH, N.A.
as Trustee under KCPL Trust No. 80-1

By

[Signature]
LESSOR AS AFORESAID

RECEIVED
MAR 28 11 51 AM '80
I.C.C.
FEE OPERATED BR.

Enclosures

[Handwritten signature]
[Handwritten signature]

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: ACF Industries, Incorporated

Description and Mark and
Number of Items of
Equipment: 240 Open Top Hoppers
Marked and Numbered KCLX 7371,
7372, 7374 through 7491, both
inclusive, and KCLX 45241 through
45360, both inclusive

Base Purchase Price of
Equipment: \$46,000 per Item

Maximum Aggregate Purchase
Price of Equipment: \$11,100,000

Place of Delivery:

Outside Delivery Date: September 30, 1980

(KCPL Trust No. 80-1)

Interstate Commerce Commission
Washington, D.C. 20423

3/28/80

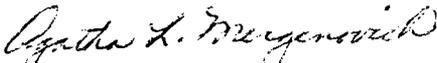
OFFICE OF THE SECRETARY

Gary Green, Esq.
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **3/28/80** at **12:05pm**, and assigned re-
recording number(s). **11615 & 11616**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

11615

RECORDATION NO. Filed 1425

MAR 28 1980 12 01 PM

INTERSTATE COMMERCE COMMISSION

Matter No. 32637
Execution Copy

EQUIPMENT LEASE

Dated as of March 1, 1980

Between

FIRST SECURITY BANK OF UTAH, N.A.,
as Trustee under KPCL Trust No. 80-1

LESSOR

And

KANSAS CITY POWER & LIGHT COMPANY

LESSEE

(KCPL Trust No. 80-1)
(240 Open Top Hoppers)

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Attachments to Equipment Lease:

- Schedule A - Description of Items of Equipment
- Schedule B - Certificate of Acceptance
- Schedule C - Schedule of Casualty Value
- Schedule D - Schedule of Termination Value

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of March 1, 1980 is between FIRST SECURITY BANK OF UTAH, N.A., a national banking association, not individually but solely as trustee (the "Lessor") under a Trust Agreement dated as of March 1, 1980 (the "Trust Agreement") with Westinghouse Credit Corporation, First Security Bank of Idaho, N.A. and The Fifth Third Bank, (the "Trustors"), and KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation (the "Lessee");

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of March 1, 1980, the Lessee has assigned to the Lessor its right to purchase the Equipment referred to below.

B. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of March 1, 1980 (the "Participation Agreement") with the Trustors, THE CONNECTICUT BANK AND TRUST COMPANY, as security trustee (the "Security Trustee") and the institutional investors named in Schedule 2 thereto (the "Note Purchasers") providing commitments of the Trustors and the Note Purchasers which will permit the Lessor to obtain the funds necessary to purchase the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. The Note Purchasers will commit to purchase the Secured Notes (the "Notes") of the Lessor in an amount equal to 65.832619% of each Item of Equipment, and the Trustors will commit to advance that portion of the Purchase Price of each Item of Equipment which is not financed by the issuance of the Notes. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of March 1, 1980 (the "Security Agreement") from the Lessor to the Security Trustee.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment by the manufacturer thereof identified in Schedule A hereto (hereinafter referred to as the "Manufacturer"), the Lessee shall lease and let and the Lessor shall hire to the Lessee such Item of Equipment for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to

inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and the Manufacturer thereof a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment which is delivered after the Outside Delivery Date set forth in Schedule A or which is excluded by the terms of the Purchase Order Assignment.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Manufacturer thereof, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment appears to be in good order and condition and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) Interim Rental. For each Item of Equipment, an amount per day (the "Interim Rental") equal to 0.0326388% of the Purchase Price thereof for the period, if any, from and including the Closing Date for such Item of Equipment to, but not including, September 30, 1980 (the "Term Lease Commencement Date"); and

(b) Fixed Rental. For each Item of Equipment, 36 semiannual installments of fixed rental (the "Fixed Rental"), payable in arrears, each in an amount equal to 4.787352% of the Purchase Price thereof.

The terms Purchase Price and Closing Date shall have the meanings provided therefor in the Participation Agreement.

2.2. Rent Payment Dates. The installment of Interim Rental for each Item of Equipment shall be due and payable on the Term Lease Commencement Date. The first installment of Fixed Rental for each Item of Equipment shall be due and payable on

March 31, 1981, and the balance of said installments shall be payable on each September 30 and March 31 thereafter with the final such installment payable 18 years following the Term Lease Commencement Date. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Missouri, Connecticut or Utah are authorized or required to close.

2.3. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installment of Interim Rental shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 20.2 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee;

(b) The portion of any installment of Fixed Rental resulting from an increase in the amount thereof, if any, which the Lessee shall agree to pay to the Lessor pursuant to any rental adjustment arrangements shall be paid in full to the Lessor by wire transfer to the principal office of the Lessor at the address provided for payments in Section 20.2 hereof;

(c) Each installment of Fixed Rental and any payment of Termination Value shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 20.2 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment or payment of Termination Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment or payment of Termination Value into not more than two portions, in addition to the portion referred to in Section 2.3(b) hereof, and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(d) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to

the Lessor by a check drawn on a bank located in the continental United States (identifying the same as a payment of Casualty Value relating to KCPL Trust No. 80-1) and forwarded to the Lessor in the manner provided for notice in Section 20.2 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such check in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(e) The amount of any payment owing to the Lessor or the Trustor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 20.3 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(f) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(g) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor or any Trustor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease

terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor or any Trustor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

2.5. Adjustment of Rentals. (a) In determining the amount of each installment of Fixed Rental payable pursuant to Section 2.1(b) hereof, the Lessor and the Lessee have assumed that (i) at least one Item of Equipment will be delivered on or before March 28, 1980, and (ii) Items of Equipment with an aggregate Purchase Price equal to or greater than 44.45% of the aggregate Purchase Price of all Items of Equipment will be delivered and accepted on or before August 1, 1980. In the event that an Item of Equipment is not accepted on or before March 28, 1980 or Items of Equipment with an aggregate Purchase Price equal to or greater than 44.45% of the aggregate Purchase Price of all Items of Equipment are not delivered and accepted on or before August 1, 1980, then the Lessee and the Lessor agree that the Fixed Rental shall be increased to an amount as shall, in the reasonable opinion of the Trustors, maintain the Trustors' after-tax return on and rate of recovery of investment and annual after-tax cash flows (computed on the same assumptions as were utilized by the Trustors in originally evaluating this transaction, with appropriate adjustments to such assumptions resulting from the occurrence of an event specified in this paragraph (a)), each to equal the after-tax return on and rate of recovery of investment and annual after-tax cash flows that would have been realized by the Trustors if the events referred to in (i) and (ii) above had occurred as contemplated by the Trustors,

and the Casualty and Termination Values shall be similarly adjusted in amounts reasonably determined by the Trustors.

(b) In determining the amount of each installment of Fixed Rental payable pursuant to Section 2.1(b) hereof, the Lessor and the Lessee have assumed that on each Closing Date, the Note Purchasers will purchase the principal amount of the Notes contemplated to be purchased thereby in the Participation Agreement so that, pursuant to Section 2.4 of the Participation Agreement the Lessor will not be required to issue Notes at a rate higher than 11-3/4% per annum, nor will the Lessor be required to pay more than 34.167381% of the Purchase Price of the Items of Equipment which were to have been settled for on such Closing Date. In the event that pursuant to Section 2.4 of the Participation Agreement, any Note Purchaser shall fail to purchase the Notes to be issued to it on any Closing Date and the Lessor shall either be required to issue Notes at a rate in excess of 11-3/4% per annum or the Lessor shall thereby be required to pay more than 34.167381% of the Purchase Price of the Items of Equipment in the manner provided in said Section 2.4, then the Lessee and the Lessor agree that the Fixed Rental shall be increased to an amount as shall, in the reasonable opinion of the Trustors, maintain the Trustors' after-tax return on and rate of recovery of investment and annual after-tax cash flows (computed on the same assumptions as were utilized by the Trustors in originally evaluating this transaction, with appropriate adjustments to such assumptions resulting from the occurrence of an event specified in this paragraph (b)) each to equal the after-tax return on and rate of recovery of investment and annual after-tax cash flows that would have been realized by the Trustors if the Note Purchasers had purchased the Notes on the Closing Date as so contemplated, and the Casualty and Termination Values shall similarly be adjusted in amounts reasonably determined by the Trustors. In the event that the Trustors shall make any adjustment pursuant to this Section 2.5, the Lessee may, at its expense, request that Matrix Leasing International, Inc. verify within 90 days after receipt by the Lessee from the Trustors of notice of the amount of such adjustment the computations made by the Trustors in determining the amounts as required above the Trustors' after-tax return on and rate of recovery of investment and annual after-tax cash flows, and the Lessor agrees to provide Matrix Leasing International, Inc. with the information reasonably necessary to make such verification.

Anything in this Section 2.5 to the contrary notwithstanding, the amounts payable as installments of Fixed Rental, Casualty Value and Termination Value hereunder with respect to any Item of Equipment (i) shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each rent payment date under this Lease, and (ii) shall comply with the guidelines for Internal Revenue Service rulings on leveraged leases set forth in Revenue Procedures 75-21 and 75-28. Nothing in this paragraph guarantees the payment of the Notes or any interest accrued thereon.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate 18 years following the Term Lease Commencement Date provided for in Section 2.1(a) hereof.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company,
as Owner-Trustee and Subject to a
Security Interest recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR ANY TRUSTOR, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and fiduciary capacities, each Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) and their respective successors and assigns from and against:

- (a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements, or (iv) as a result of claims for negligence or strict liability in tort.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee to any party at any time a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

6.2. Continuation of Indemnities and Assumptions.

The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, based upon facts or circumstances occurring after the termination of this Lease, except for any such facts or circumstances arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added,

replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that no adjustment in rentals shall result therefrom; provided, further, however, that Lessee may, in good faith, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not, in the opinion of the Lessor or the Security Trustee, adversely affect the property or rights of the Lessor or the Security Trustee under this Lease or under the Security Agreement or create any danger that the Lessor, the Security Trustee or the agents or servants of either of them will incur criminal or other liability for which no indemnification is provided hereunder.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment and its accessories in good order, condition and repair, ordinary wear and tear excepted usable in the manner for which it was designed and intended and suitable for use in interchange in accordance with the Interchange Rules and in any event at the same level of maintenance at which the Lessee keeps equipment which it owns or leases in similar nature to the Equipment. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify or make additions or improvements to any Item of Equipment unless (i) such modifications, additions or improvements shall comply with all of the requirements set forth in Rev. Proc. 79-48 for advance ruling purposes (and Lessee agrees to provide upon Lessor's request reasonable evidence of such compliance), and (ii) the Lessee shall have obtained the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 or which meet the requirements of clause (i) of the preceding sentence shall in each case be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such

Item of Equipment and repair all damage, if any, resulting from such removal.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than the Lessor or any Trustor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not, in the reasonable opinion of Lessor, affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment or diminish the value thereof. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee, for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Security Trustee that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refile, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of State and Local Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor, in both its individual and fiduciary capacities, each Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) and their respective successors and assigns (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to any Impositions as hereinafter defined. As used in this Section 10.2 "Impositions" shall mean the amount of any local, state, Federal or foreign taxes, assessments or license fees and any charges, fines or penalties in connection therewith which are imposed on or measured by this Lease or the receipt of sums pursuant hereto or any sale, rental, use, payment, shipment, delivery, ownership or transfer of title in respect of the Equipment under the terms hereof or the Security Agreement; provided that Impositions shall not include as to each respective Indemnitee: (i) United States Federal income tax liability and, to the extent that any respective Indemnitee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnitee, payable by any respective Indemnitee in consequence of the receipt of payments provided herein, and (ii) the aggregate of all other net income and franchise taxes measured by net income based on such receipts, but only, in the case of such other net income and franchise taxes, up to the amount in the aggregate of any such net income and franchise taxes which would be payable to the state and city in which such Indemnitee has its principal place of business without apportionment to any other state; except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided shall constitute an Imposition hereunder. The Lessee agrees to pay, on demand, any and all Impositions. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnitee solely by reason of its interest with respect thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnitee, adversely affect the interest of any Indemnitee hereunder or under the Security Agreement. If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnitee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnitee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnitee and deliver the same to each Indemnitee within a reasonable period prior to the date the same is to be filed.

The Lessee shall, whenever reasonably requested by the Lessor or any Trustor, submit to the Lessor or such Trustor copies of returns, statements, reports, billings and remittances or furnish other evidence satisfactory to the Lessor or such Trustor of the Lessee's performance of its duties under this Section 10.2. The Lessee shall also furnish promptly upon request such data as the Lessor or any Trustor reasonably may require to permit the Lessor's or such Trustor's compliance with the requirements of taxing jurisdictions.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee covenants and agrees that it will at all times while this Lease is in effect, at its own expense, cause to be carried and maintained for each Item of Equipment from time to time subject to this Lease, property and public liability insurance in such amounts and against such risks as shall be satisfactory to the Lessor and any assignee under Section 16 hereof, all such insurance to be carried with reputable insurance companies; provided that, in the case of property insurance, the Lessee will be permitted to self-insure the Equipment to the extent it self-insures equipment similar in nature to the Equipment which it owns or leases so long as (i) the Lessee maintains a credit rating of "A" or its equivalent, by Standard and Poors Corporation or Moody's Investors Services, Inc., respectively, or their successors, and (ii) no Item of Equipment shall have been subleased pursuant to Section 17.2 hereof for a period exceeding 120 days. Such insurance, if any, may provide that losses shall be adjusted with the Lessee and shall provide that the Lessor, each Trustor, the Security Trustee and each Note holder are additional assureds and that the proceeds thereof shall be payable to the Lessor, each Trustor, any assignee thereof pursuant to Section 16 hereof and the Lessee as their interests

shall appear; provided that in the event any casualty insurance shall be in effect with respect to the Equipment prior to the payment in full of all principal and interest on the Notes, all payments thereunder shall be made to the Security Trustee under a standard mortgage loss payable clause. All proceeds of casualty insurance received by any party other than the Lessee with respect to any Items of Equipment not suffering a Casualty Occurrence (as hereinafter defined) shall be paid thereby to the Lessee upon reasonable proof that any damage to any Item with respect to which such proceeds were paid has been fully repaired. Any such proceeds of insurance received by any party with respect to a Casualty Occurrence shall be credited thereby toward the payment required by this Section 11 with respect to such Casualty Occurrence..

All policies of insurance, if any, to be carried pursuant to this Section 11.1 shall provide that the same shall not be cancelled, allowed to lapse, terminated or materially changed without at least 30 days' prior written notice to each insured named therein. The Lessee will use its best efforts to assure that each policy shall provide that the coverage thereunder for the benefit of the Lessor, the Trustors, or any assignee under Section 16 hereof shall not be restricted, impaired or invalidated by any breach or violation by the Lessee of warranties, declarations or conditions contained in such policies. The Lessee covenants and agrees that it will throughout the term hereof furnish to the Lessor and such assignee certificates of insurers or other satisfactory evidence of the maintenance of the insurance required by this Section 11.1.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor, the Trustors and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof. Any Item of Equipment which has not or cannot be repaired within one year from the date of damage shall be deemed to have suffered a Casualty Occurrence.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Interim or Fixed Rental installment due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining

unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and paid by Lessee and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price (as defined in the Participation Agreement) of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment as the same may be increased pursuant to Annex I to said Schedule C.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until (a) payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, (b) such Item or the salvage thereof has been disposed of by the Lessee and (c) the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of

eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

11.9. Early Termination. Subject to the terms and conditions herein expressed, the Lessee shall have the following right to terminate this Lease prior to end of the term hereof:

(a) If no Event of Default (or an event which would constitute an Event of Default but for the lapse of time or of the giving of notice or both) shall have occurred and be continuing and the Equipment in Lessee's reasonable judgment as expressed in a duly adopted resolution of its Board of Directors or the executive committee thereof become surplus or economically obsolete to Lessee's requirements, then Lessee may at its option, upon not less than 180 days prior written notice to Lessor, terminate this Agreement with respect to all of the Equipment, provided that (i) the effective date (hereinafter called the Termination Date) of such termination is a Fixed Rental payment date as set forth in Section 2.2 hereof, (ii) such Termination Date occurs on or after the seventh anniversary of the Term Lease Commencement Date, (iii) no such termination shall be effective until the Equipment shall have been sold and all sums payable by the Lessee pursuant to Section 11.9(b) hereof have been paid in full, and (iv) interest rates payable by the Lessee for its indebtedness for borrowed money or finance charges payable by Lessee in connection with the acquisition of its equipment under conditional sales contracts, leases or other arrangements for deferred payment shall be disregarded in the determination of economic obsolescence.

(b) During the period from the giving of such notice until the Termination Date the Lessee shall, and the Lessor and the Trustors shall have the right but not the duty to, use reasonable efforts to obtain bids for the cash sale of the Equipment. Lessor, Trustors and Lessee shall certify to each other in writing the amount and the terms of each bid received by them and the names and addresses of the parties submitting such bids. Subject to Lessor's right to reject bids as set forth in Section 11.9(c) hereof, on the Termination Date Lessor shall without recourse, representation or warranty, sell the Equipment to the

highest bidder who shall have submitted such bid prior to such date on terms and conditions acceptable to the Trustors in their sole and absolute discretion; provided that neither the Lessee nor any member of the "Lessee Group" as defined in Revenue Procedure 75-21 may bid on or purchase the Equipment. Upon such sale the Lessee shall pay to the Lessor the amount, if any, by which the aggregate of (A) the Termination Value of the Equipment plus (B) the reasonable expenses incurred by Lessor and the Trustors in making the sale, including without limitation storage, insurance, advertising, brokerage and attorney's fees and expenses incurred in connection with such sale, and expenses incurred in repairing the Equipment so as to put it in the condition required by Section 13 hereof, plus (C) if not previously paid, the Fixed Rental installment due on such Termination Date and any other rentals or other Lessee obligations accrued and unpaid hereunder through and including such date, exceeds the proceeds of such sale. Whether or not the Lessee shall owe any amount pursuant to the preceding sentence, Lessor shall retain the entire proceeds of such sale.

(c) If, within 60 days prior to the Termination Date, neither Lessor nor Lessee shall have received any bid for the sale of the Equipment or there shall not have been received any bid which shall be acceptable to the Trustors, in their sole and absolute discretion, Lessor shall so advise Lessee. Thereupon, Lessee shall have the right (i) to notify Lessor, within 15 days following the giving of such advice, that Lessee will continue to lease the Equipment with the same effect as if Lessee had not given notice of termination with respect thereto or (ii) to pay to Lessor, on the Termination Date, the Termination Value of the Equipment, the Fixed Rental installment due on such Termination Date and any other rentals or other Lessee obligations accrued and unpaid through and including such date, and thereupon Lessee shall have no further right with respect to the Equipment and no further obligations with respect to the Equipment except those which survive the expiration of the term of this Lease. In the event of a termination pursuant to this Section 11.9(c), the Equipment shall be returned by the Lessee to the Lessor in accordance with the provisions of Section 13 hereof.

(d) Notwithstanding the foregoing, if the Termination Value exceeds the amount of any bid which is acceptable to Lessor, Lessee may at its option upon written notice given to Lessor not less

than 45 days prior to the Termination Date, elect to rescind Lessee's notice of termination, whereupon this Lease shall not terminate but shall, provided that no Event of Default (or other event which would constitute an Event of Default but for the lapse of time or the giving of notice or both) has occurred and is continuing hereunder and Lessor has not by reason thereof declared this Lease to be in default, continue in full force and effect as though no such notice of termination had been given by Lessee. In the event Lessee shall elect to rescind its notice of termination in accordance with the provisions of this Section 11.9(d), Lessee shall reimburse Lessor and the Trustors for all expenses which have been incurred in reliance upon any notice of termination by Lessee.

(e) Except as Lessee shall, in a timely fashion, have either exercised its right to continue to lease the Equipment pursuant to Section 11.9(c) hereof, or elected to rescind Lessee's notice of termination pursuant to Section 11.9(d) hereof, Lessee shall pay to Lessor all sums due pursuant to Section 11.9(b) hereof on the Termination Date, without asserting any setoff, counterclaim or other defense for any reason whatsoever.

(f) The Termination Value of the Equipment shall be an amount determined as of the Termination Date equal to that percentage of the Purchase Price of the Equipment set forth in the Schedule of Termination Value attached hereto as Schedule D opposite such date.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before March 31, 1981 and on or before each March 31 thereafter, the Lessee will furnish to the Lessor, the Trustors and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor, the Trustors and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) each shall have the right but not the duty, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, deliver possession of such Item of Equipment to the Lessor upon such storage tracks as the Lessee shall then own or lease as the Lessor may designate, or if Lessee shall not then lease or own any storage tracks or cannot reasonably make available to the Lessor such designated tracks without undue burden to its business operations, upon such other storage site as the Lessor shall reasonably designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 60 days and transport the same at any time within such 60-day period to any reasonable place or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 20 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The Equipment and its accessories when delivered to the Lessor shall be in the condition required by Sections 7 and 8 hereof; and the Lessee shall pay for any repairs necessary to restore the Equipment to such condition. All rental, per diem or other similar charge earned in respect of the use, lease or rental of the Equipment after the date of expiration of this Lease, shall 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 is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall pay to the Lessor an amount equal to the higher of (i) the Casualty Value of such Item, or (ii) the Fair Market Value (determined in the manner provided in Section 18 hereof) of such Item (in each case determined as of the last day of the term of this Lease). The assembling, delivery, storage and transporting of the 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 to so assemble, deliver, store and transport the Equipment. In any event, the Lessor shall have no right hereunder to abandon any Item of Equipment to the Lessee.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental, Casualty Value or Termination Value provided in Section 2 or 11 hereof and such default shall continue for five days;

(b) Default shall be made in the payment of any other sum due hereunder and such default shall continue for fifteen days after written notice from the Lessor to the Lessee specifying the default and demanding the same be remedied;

(c) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof not permitted by this Lease;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same be remedied;

(e) Any representation or warranty made by the Lessee herein or in the Participation Agreement (other than in Section 9(c) thereof) or the Purchase Order Assignment or in any statement or certificate furnished to the Lessor, any Trustor, the Security Trustee or the Note Purchasers pursuant to or in connection with this Lease, the Participation Agreement or the Purchase Order Assignment is untrue in any respect material to this transaction or the ability of the Lessee to meet its obligations under the Operative Agreements as of the date of issuance or making thereof;

(f) Any holder of Funded Debt (as defined below) of the Lessee or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall

terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(g) The Lessee becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Lessee or for the major part of its property;

(h) A trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(i) Any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

"Funded Debt" of the Lessee shall mean any indebtedness thereof for borrowed money, whether incurred, assumed or guaranteed, or indebtedness which has been incurred, assumed or guaranteed in connection with installment sales contracts, conditional sale agreements or similar agreements (including any deferred portion of the purchase price thereof), which in any case has an unpaid principal balance of more than \$500,000 and has a stated maturity of (or is renewable or extendible at the option of the obligor

for a period or periods extending) more than 12 months from its date of origin, including the current maturities thereof, but excluding any indebtedness of the Lessee for which it is not liable in its general corporate capacity.

"Capitalized Lease" shall mean any lease of real or personal property by the Lessee, as lessee, which as originally executed provides, or is amended to provide, for a term (including the initial term and any period for which such lease may be renewed or extended at the option of the Lessee) of more than three years and which has an unexpired term of more than one year (including any such renewal or extension periods) and which provides for the payment by such lessee throughout the then remaining term of the lease of periodic rental installments aggregating more than \$500,000, whether or not such lease or the rentals thereunder are reflected in the balance sheet of said lessee, or any lease of real or personal property by any other party otherwise described above for which the Lessee has assumed or guaranteed the obligations of the lessee thereunder.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee to the extent permitted by Section 16 hereof, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify:

(x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified in Section 18.2(b) hereof; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of

any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

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

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, each Trustor, the Security Trustee and the Note Purchasers, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance, if any, required by Section 11.1 hereof; and

(c) Transport the Equipment to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may direct in writing.

All rental, per diem or other similar charge earned in respect of the use, lease or rental of the Equipment after the date of termination of this Lease, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 60 days after the termination of this Lease, the Lessee shall pay to the Lessor or, in the case of such assignment, to such assignee an amount equal to the higher of (i) the Casualty Value of such Item, or (ii) the Fair Market Value (determined in the manner provided in Section 18 hereof) for such Item (in each case determined as of the date of termination of this Lease).

The Equipment and its accessories when delivered to the Lessor shall be in the condition required by Sections 7 and 8 hereof; and the Lessee shall pay for any repairs necessary to restore the Equipment to such condition.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the 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, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim

or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor or a Trustor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 20.3 hereof which shall remain enforceable solely by the Lessor and/or such Trustor, as the case may be), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee, the Lessor and the Trustors may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of

its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession in Lessee's Operations; Permitted Subleases. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon its private tracks owned or leased and on the lines of railroads located in the continental United States, but only upon and subject to all the terms and conditions of this Lease. The Lessee shall at no time throughout the term of this Lease assign or permit the assignment of any Item of Equipment to service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States. The Lessee may from time to time sublease Items of Equipment to other electric utilities; provided, however (i) for any Item of Equipment to be subleased longer than 120 days, the Lessee shall obtain the prior written consent of the Lessor and the Security Trustee, and (ii) no sublease shall exceed the then remaining term of this Lease. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of Properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS.

18.1. Right of First Refusal. The Lessor and the Trustors intend to retain the Equipment at the expiration of the term of this Lease. Unless an Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, for a period of 90 days after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 18.2 hereof, for a period of 90 days after the end of such renewal term) sell, transfer or otherwise dispose of any Item of Equipment unless:

(a) the Lessor shall have received from a ready, willing and able purchaser or purchasers a bona fide offer or offers in writing to purchase such Item of Equipment;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the Item or Items of Equipment to be purchased, the proposed purchase price or prices and the proposed date of purchase, and (ii) offering to sell such Item of Equipment to the Lessee for cash upon the same terms and conditions as those set forth in such notice; provided that in the event such proposal is in respect of more than one Item of Equipment, the Lessee must purchase all such Items of Equipment as a group; and

(c) the Lessee shall not have notified the Lessor, within 30 days following receipt of such notice, of its election to purchase such Item or Items of Equipment for cash on such date upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Item or Items of Equipment, the Lessor may sell such Item or Items of Equipment during said 90 day period at a price no less favorable to the Lessor than those specified in such notice. Notwithstanding the foregoing provisions of this Section 18.1, the Lessor may, if the Lessee has not renewed this Lease pursuant to Section 18.2 hereof, lease any or all Items of Equipment at any time after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 18.2 hereof, at the end of such renewal term) without first offering to lease the Equipment to the Lessee.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease either as to all or as to 120 of the Items of Equipment then leased hereunder for one additional renewal term of five years or two additional renewal terms of three years each as the Lessee shall specify upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment, that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term

shall be an amount equal to the higher of (i) the Fair Market Value (as hereinafter defined) of such Item of Equipment as of the beginning of such renewal term, or (ii) an amount equal to 20% of the Purchase Price of such Item of Equipment, and that there shall be no right of termination as provided in Section 11.9 hereof. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election not more than 360 and at least 180 days prior to the commencement of any renewal term provided for in this Section 18.2. The Lessee and the Lessor agree to negotiate in good faith the Fair Rental Value and Fair Market Value of such Item of Equipment. If the Lessee elects to renew this Lease as to 120 of the Items of Equipment, the Lessor shall randomly select such Items and shall give the Lessee a written list of their identifying marks and numbers within 30 days after receipt of the notice to renew.

(b) The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be and on the assumption that such Item is in the condition required upon return of such Item pursuant to Section 13 hereof. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days after the beginning of such 90-day period, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the

Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.3. Delivery of Equipment. Except to the extent the Lessee has elected to purchase any Item of Equipment then leased hereunder or to renew this Lease in respect to any Item of Equipment, in each case as provided in this Section 18, each Item of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding any nonpayment of rent or other sums due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 12-3/4% per annum (or the maximum lawful rate, whichever is less) on the overdue rentals and sums and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. MISCELLANEOUS.

20.1. Limitations of Liability. It is expressly understood and agreed by and between the Lessor and the Lessee and their respective successors and assigns that this Lease is executed by First Security Bank of Utah, N.A., not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security Bank of Utah, N.A. or any Trustor, or for the purpose or with the intention of binding First Security Bank of Utah, N.A. or any Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by First Security Bank of Utah, N.A. solely in the exercise of the powers expressly conferred upon First Security Bank of Utah, N.A. as trustee under the Trust Agreement, that actions to be taken by the Lessor pursuant to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustors, that nothing herein contained shall be construed as creating any liability on First Security Bank of Utah, N.A. or any Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, First Security Bank of Utah, N.A. or any Trustor, to perform any covenant either express

or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee, and that so far as First Security Bank of Utah, N.A. or any Trustor, individually or personally are concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease; provided that nothing in this Section 20.1 shall be construed to limit in scope or substance those representations and warranties of First Security Bank of Utah, N.A. in its individual capacity set forth in the Participation Agreement. The term "Lessor" as used in this Lease shall include any trustee succeeding First Security Bank of Utah, N.A. as trustee under the Trust Agreement or the Trustors if the trust created thereby is revoked. Any obligation of the Lessor hereunder may be performed by any Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

It is expressly understood and agreed by and between the Lessor and the Lessee and their respective successors and assigns that this Lease is executed by the Lessee in its corporate capacity and that nothing herein contained shall be construed as creating any liability on any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Lessee to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessor and the Trustors and by each and every person now or hereafter claiming by, through or under the Lessor or any Trustor.

20.2. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department

Payments to the Lessor hereunder
to be made as follows:

By wire transfer to the address for
notice provided above

If to the Trustors: Westinghouse Credit Corporation
Three Gateway Center
Pittsburgh, Pennsylvania 15222
Attention: Manager-Lease Operations

First Security Bank of Idaho, N.A.
c/o First Security Leasing Company
79 South Main Street
Salt Lake City, Utah 84111
Attention: President

The Fifth Third Bank
Fifth Third Center
38 Fountain Square Plaza
Cincinnati, Ohio 45202
Attention: Mr. Charles P. Reynolds

If to the Security
Trustee: The Connecticut Bank and Trust
Company
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

If to the Lessee: Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105
Attention: L. C. Rasmussen

If to any Note
Purchaser: At the addresses provided therefor
in Schedule 2 to the Participation
Agreement

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

20.3. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor, any Trustor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Security Trustee and the Note Purchasers) may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of 12-3/4% per annum or such lesser maximum rate as permitted by law.

20.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.5. Law Governing. This Lease shall be construed in accordance with the laws of the State of Missouri; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

20.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

FIRST SECURITY BANK OF UTAH, N.A.,
not individually but solely as Trustee
under KCPL Trust No. 80-1

[CORPORATE SEAL] By _____
Its Authorized Officer

ATTEST:

Authorized Officer

KANSAS CITY POWER & LIGHT COMPANY

By J.C. Rasmussen
ITS VICE PRESIDENT

[CORPORATE SEAL]
ATTEST
Lynn M. Oulgrove
Assistant Secretary

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this ____ day of January, 1980, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national association that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF MISSOURI)
) SS
COUNTY OF JACKSON)

On this 27th day of MARCH, 1980, before me personally appeared L.C. RASMUSSEN, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of KANSAS CITY POWER & LIGHT COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Betty Bowsher
Notary Public

[NOTARIAL SEAL]

My commission expires:

SEPT. 28, 1980

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: ACF Industries, Incorporated

Description and Mark and
Number of Items of
Equipment: 240 Open Top Hoppers
 Marked and Numbered KCLX 7371,
 7372, 7374 through 7491, both
 inclusive, and KCLX 45241 through
 45360, both inclusive

Base Purchase Price of
Equipment: \$46,000 per Item

Maximum Aggregate Purchase
Price of Equipment: \$11,100,000

Place of Delivery: St. Charles, Missouri or Seeburger,
 Missouri

Outside Delivery Date: September 30, 1980

(KCPL Trust No. 80-1)

SCHEDULE A
(to Equipment Lease)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: First Security Bank of Utah, N.A., not in its individual capacity but solely as Trustee under KCPL Trust No. 80-1 (the "Lessor")

ACF Industries, Incorporated (the "Manufacturer")

I, a duly appointed and authorized representative of Kansas City Power & Light Company (the "Lessee") under the Equipment Lease dated as of January 1, 1980 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT: 240 Open Top Hoppers

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment appear to be in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture or condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company,
as Owner-Trustee and Subject to a Security
Interest Recorded with the I.C.C."

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

Dated: _____, 19__

Inspector and Authorized
Representative of the Lessee

(KCPL Trust No. 80-1)

SCHEDULE B
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule (as the same may be increased pursuant to Annex 1 to this Schedule C):

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
--	---

Term Lease Commencement Date	84.8217
1	85.8532
2	87.0971
3	88.0292
4	88.7262
5	89.1430
6	91.5041
7	89.1650
8	88.8781
9	88.3406
10	89.7156
11	86.5265
12	85.3614
13	83.9833
14	84.7883
15	80.5850
16	78.6810
17	76.6122
18	74.4115
19	72.0822
20	69.6296
21	67.0664
22	64.4547
23	61.7734
24	59.0172
25	56.2088
26	53.3244
27	50.3662
28	47.3103
29	44.1961
30	41.0143
31	37.7484
32	34.3730
33	30.9087
34	27.3286
35	23.6545
36	20.0000

and thereafter during
storage period

ANNEX 1 TO SCHEDULE C
(to Equipment Lease)

The percentages set forth in Table 1 to this Schedule C have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Internal Revenue Code of 1954, as amended. Consequently, the Casualty Value of any Item of Equipment suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Item shall be increased by the applicable percentage of the Purchase Price set forth below (determined as of the actual date of the Casualty Occurrence):

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
3rd	19.8059
5th	13.2039
7th	6.6020

SCHEDULE OF TERMINATION VALUE

The Termination Value for an Item of Equipment payable on the 14th Fixed Rental payment date and on any Fixed Rental payment date thereafter shall mean an amount equal to the percentage of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Number of Fixed Rental Payment Date on which Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Termination Value</u>
14	83.3817
15	81.6211
16	77.7751
17	77.6359
18	75.8938
19	73.0928
20	70.6332
21	68.0630
22	65.3947
23	62.6434
24	59.8172
25	56.9388
26	53.9844
27	50.9562
28	47.8303
29	44.6263
30	41.3190
31	37.9291
32	34.4300
33	30.8437
34	27.1418
35	23.3476

(KCPL Trust No. 80-1)

SCHEDULE D
(to Equipment Lease)

Rec. No. 11615

Matter No. 32637
Execution Copy

EQUIPMENT LEASE

Dated as of March 1, 1980

Between

FIRST SECURITY BANK OF UTAH, N.A.,
as Trustee under KPCL Trust No. 80-1

LESSOR

And

KANSAS CITY POWER & LIGHT COMPANY

LESSEE

(KCPL Trust No. 80-1)
(240 Open Top Hoppers)

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Attachments to Equipment Lease:

- Schedule A - Description of Items of Equipment
- Schedule B - Certificate of Acceptance
- Schedule C - Schedule of Casualty Value
- Schedule D - Schedule of Termination Value

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of March 1, 1980 is between FIRST SECURITY BANK OF UTAH, N.A., a national banking association, not individually but solely as trustee (the "Lessor") under a Trust Agreement dated as of March 1, 1980 (the "Trust Agreement") with Westinghouse Credit Corporation, First Security Bank of Idaho, N.A. and The Fifth Third Bank, (the "Trustors"), and KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation (the "Lessee");

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of March 1, 1980, the Lessee has assigned to the Lessor its right to purchase the Equipment referred to below.

B. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of March 1, 1980 (the "Participation Agreement") with the Trustors, THE CONNECTICUT BANK AND TRUST COMPANY, as security trustee (the "Security Trustee") and the institutional investors named in Schedule 2 thereto (the "Note Purchasers") providing commitments of the Trustors and the Note Purchasers which will permit the Lessor to obtain the funds necessary to purchase the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. The Note Purchasers will commit to purchase the Secured Notes (the "Notes") of the Lessor in an amount equal to 65.832619% of each Item of Equipment, and the Trustors will commit to advance that portion of the Purchase Price of each Item of Equipment which is not financed by the issuance of the Notes. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of March 1, 1980 (the "Security Agreement") from the Lessor to the Security Trustee.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment by the manufacturer thereof identified in Schedule A hereto (hereinafter referred to as the "Manufacturer"), the Lessee shall lease and let and the Lessor shall hire to the Lessee such Item of Equipment for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to

inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and the Manufacturer thereof a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment which is delivered after the Outside Delivery Date set forth in Schedule A or which is excluded by the terms of the Purchase Order Assignment.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Manufacturer thereof, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment appears to be in good order and condition and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) Interim Rental. For each Item of Equipment, an amount per day (the "Interim Rental") equal to 0.0326388% of the Purchase Price thereof for the period, if any, from and including the Closing Date for such Item of Equipment to, but not including, September 30, 1980 (the "Term Lease Commencement Date"); and

(b) Fixed Rental. For each Item of Equipment, 36 semiannual installments of fixed rental (the "Fixed Rental"), payable in arrears, each in an amount equal to 4.787352% of the Purchase Price thereof.

The terms Purchase Price and Closing Date shall have the meanings provided therefor in the Participation Agreement.

2.2. Rent Payment Dates. The installment of Interim Rental for each Item of Equipment shall be due and payable on the Term Lease Commencement Date. The first installment of Fixed Rental for each Item of Equipment shall be due and payable on

March 31, 1981, and the balance of said installments shall be payable on each September 30 and March 31 thereafter with the final such installment payable 18 years following the Term Lease Commencement Date. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Missouri, Connecticut or Utah are authorized or required to close.

2.3. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installment of Interim Rental shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 20.2 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee;

(b) The portion of any installment of Fixed Rental resulting from an increase in the amount thereof, if any, which the Lessee shall agree to pay to the Lessor pursuant to any rental adjustment arrangements shall be paid in full to the Lessor by wire transfer to the principal office of the Lessor at the address provided for payments in Section 20.2 hereof;

(c) Each installment of Fixed Rental and any payment of Termination Value shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 20.2 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment or payment of Termination Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment or payment of Termination Value into not more than two portions, in addition to the portion referred to in Section 2.3(b) hereof, and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(d) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to

the Lessor by a check drawn on a bank located in the continental United States (identifying the same as a payment of Casualty Value relating to KCPL Trust No. 80-1) and forwarded to the Lessor in the manner provided for notice in Section 20.2 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such check in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(e) The amount of any payment owing to the Lessor or the Trustor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 20.3 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(f) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(g) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor or any Trustor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease

terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor or any Trustor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

2.5. Adjustment of Rentals. (a) In determining the amount of each installment of Fixed Rental payable pursuant to Section 2.1(b) hereof, the Lessor and the Lessee have assumed that (i) at least one Item of Equipment will be delivered on or before March 28, 1980, and (ii) Items of Equipment with an aggregate Purchase Price equal to or greater than 44.45% of the aggregate Purchase Price of all Items of Equipment will be delivered and accepted on or before August 1, 1980. In the event that an Item of Equipment is not accepted on or before March 28, 1980 or Items of Equipment with an aggregate Purchase Price equal to or greater than 44.45% of the aggregate Purchase Price of all Items of Equipment are not delivered and accepted on or before August 1, 1980, then the Lessee and the Lessor agree that the Fixed Rental shall be increased to an amount as shall, in the reasonable opinion of the Trustors, maintain the Trustors' after-tax return on and rate of recovery of investment and annual after-tax cash flows (computed on the same assumptions as were utilized by the Trustors in originally evaluating this transaction, with appropriate adjustments to such assumptions resulting from the occurrence of an event specified in this paragraph (a)), each to equal the after-tax return on and rate of recovery of investment and annual after-tax cash flows that would have been realized by the Trustors if the events referred to in (i) and (ii) above had occurred as contemplated by the Trustors,

and the Casualty and Termination Values shall be similarly adjusted in amounts reasonably determined by the Trustors.

(b) In determining the amount of each installment of Fixed Rental payable pursuant to Section 2.1(b) hereof, the Lessor and the Lessee have assumed that on each Closing Date, the Note Purchasers will purchase the principal amount of the Notes contemplated to be purchased thereby in the Participation Agreement so that, pursuant to Section 2.4 of the Participation Agreement the Lessor will not be required to issue Notes at a rate higher than 11-3/4% per annum, nor will the Lessor be required to pay more than 34.167381% of the Purchase Price of the Items of Equipment which were to have been settled for on such Closing Date. In the event that pursuant to Section 2.4 of the Participation Agreement, any Note Purchaser shall fail to purchase the Notes to be issued to it on any Closing Date and the Lessor shall either be required to issue Notes at a rate in excess of 11-3/4% per annum or the Lessor shall thereby be required to pay more than 34.167381% of the Purchase Price of the Items of Equipment in the manner provided in said Section 2.4, then the Lessee and the Lessor agree that the Fixed Rental shall be increased to an amount as shall, in the reasonable opinion of the Trustors, maintain the Trustors' after-tax return on and rate of recovery of investment and annual after-tax cash flows (computed on the same assumptions as were utilized by the Trustors in originally evaluating this transaction, with appropriate adjustments to such assumptions resulting from the occurrence of an event specified in this paragraph (b)) each to equal the after-tax return on and rate of recovery of investment and annual after-tax cash flows that would have been realized by the Trustors if the Note Purchasers had purchased the Notes on the Closing Date as so contemplated, and the Casualty and Termination Values shall similarly be adjusted in amounts reasonably determined by the Trustors. In the event that the Trustors shall make any adjustment pursuant to this Section 2.5, the Lessee may, at its expense, request that Matrix Leasing International, Inc. verify within 90 days after receipt by the Lessee from the Trustors of notice of the amount of such adjustment the computations made by the Trustors in determining the amounts as required above the Trustors' after-tax return on and rate of recovery of investment and annual after-tax cash flows, and the Lessor agrees to provide Matrix Leasing International, Inc. with the information reasonably necessary to make such verification.

Anything in this Section 2.5 to the contrary notwithstanding, the amounts payable as installments of Fixed Rental, Casualty Value and Termination Value hereunder with respect to any Item of Equipment (i) shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each rent payment date under this Lease, and (ii) shall comply with the guidelines for Internal Revenue Service rulings on leveraged leases set forth in Revenue Procedures 75-21 and 75-28. Nothing in this paragraph guarantees the payment of the Notes or any interest accrued thereon.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate 18 years following the Term Lease Commencement Date provided for in Section 2.1(a) hereof.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company,
as Owner-Trustee and Subject to a
Security Interest recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR ANY TRUSTOR, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and fiduciary capacities, each Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) and their respective successors and assigns from and against:

- (a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements, or (iv) as a result of claims for negligence or strict liability in tort.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee to any party at any time a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

6.2. Continuation of Indemnities and Assumptions.

The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, based upon facts or circumstances occurring after the termination of this Lease, except for any such facts or circumstances arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added,

replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that no adjustment in rentals shall result therefrom; provided, further, however, that Lessee may, in good faith, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not, in the opinion of the Lessor or the Security Trustee, adversely affect the property or rights of the Lessor or the Security Trustee under this Lease or under the Security Agreement or create any danger that the Lessor, the Security Trustee or the agents or servants of either of them will incur criminal or other liability for which no indemnification is provided hereunder.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment and its accessories in good order, condition and repair, ordinary wear and tear excepted usable in the manner for which it was designed and intended and suitable for use in interchange in accordance with the Interchange Rules and in any event at the same level of maintenance at which the Lessee keeps equipment which it owns or leases in similar nature to the Equipment. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify or make additions or improvements to any Item of Equipment unless (i) such modifications, additions or improvements shall comply with all of the requirements set forth in Rev. Proc. 79-48 for advance ruling purposes (and Lessee agrees to provide upon Lessor's request reasonable evidence of such compliance), and (ii) the Lessee shall have obtained the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 or which meet the requirements of clause (i) of the preceding sentence shall in each case be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such

Item of Equipment and repair all damage, if any, resulting from such removal.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than the Lessor or any Trustor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not, in the reasonable opinion of Lessor, affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment or diminish the value thereof. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee, for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Security Trustee that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of State and Local Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor, in both its individual and fiduciary capacities, each Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) and their respective successors and assigns (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to any Impositions as hereinafter defined. As used in this Section 10.2 "Impositions" shall mean the amount of any local, state, Federal or foreign taxes, assessments or license fees and any charges, fines or penalties in connection therewith which are imposed on or measured by this Lease or the receipt of sums pursuant hereto or any sale, rental, use, payment, shipment, delivery, ownership or transfer of title in respect of the Equipment under the terms hereof or the Security Agreement; provided that Impositions shall not include as to each respective Indemnitee: (i) United States Federal income tax liability and, to the extent that any respective Indemnitee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnitee, payable by any respective Indemnitee in consequence of the receipt of payments provided herein, and (ii) the aggregate of all other net income and franchise taxes measured by net income based on such receipts, but only, in the case of such other net income and franchise taxes, up to the amount in the aggregate of any such net income and franchise taxes which would be payable to the state and city in which such Indemnitee has its principal place of business without apportionment to any other state; except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided shall constitute an Imposition hereunder. The Lessee agrees to pay, on demand, any and all Impositions. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnitee solely by reason of its interest with respect thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnitee, adversely affect the interest of any Indemnitee hereunder or under the Security Agreement. If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnatee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnatee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnatee and deliver the same to each Indemnatee within a reasonable period prior to the date the same is to be filed.

The Lessee shall, whenever reasonably requested by the Lessor or any Trustor, submit to the Lessor or such Trustor copies of returns, statements, reports, billings and remittances or furnish other evidence satisfactory to the Lessor or such Trustor of the Lessee's performance of its duties under this Section 10.2. The Lessee shall also furnish promptly upon request such data as the Lessor or any Trustor reasonably may require to permit the Lessor's or such Trustor's compliance with the requirements of taxing jurisdictions.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee covenants and agrees that it will at all times while this Lease is in effect, at its own expense, cause to be carried and maintained for each Item of Equipment from time to time subject to this Lease, property and public liability insurance in such amounts and against such risks as shall be satisfactory to the Lessor and any assignee under Section 16 hereof, all such insurance to be carried with reputable insurance companies; provided that, in the case of property insurance, the Lessee will be permitted to self-insure the Equipment to the extent it self-insures equipment similar in nature to the Equipment which it owns or leases so long as (i) the Lessee maintains a credit rating of "A" or its equivalent, by Standard and Poors Corporation or Moody's Investors Services, Inc., respectively, or their successors, and (ii) no Item of Equipment shall have been subleased pursuant to Section 17.2 hereof for a period exceeding 120 days. Such insurance, if any, may provide that losses shall be adjusted with the Lessee and shall provide that the Lessor, each Trustor, the Security Trustee and each Note holder are additional assureds and that the proceeds thereof shall be payable to the Lessor, each Trustor, any assignee thereof pursuant to Section 16 hereof and the Lessee as their interests

shall appear; provided that in the event any casualty insurance shall be in effect with respect to the Equipment prior to the payment in full of all principal and interest on the Notes, all payments thereunder shall be made to the Security Trustee under a standard mortgage loss payable clause. All proceeds of casualty insurance received by any party other than the Lessee with respect to any Items of Equipment not suffering a Casualty Occurrence (as hereinafter defined) shall be paid thereby to the Lessee upon reasonable proof that any damage to any Item with respect to which such proceeds were paid has been fully repaired. Any such proceeds of insurance received by any party with respect to a Casualty Occurrence shall be credited thereby toward the payment required by this Section 11 with respect to such Casualty Occurrence.

All policies of insurance, if any, to be carried pursuant to this Section 11.1 shall provide that the same shall not be cancelled, allowed to lapse, terminated or materially changed without at least 30 days' prior written notice to each insured named therein. The Lessee will use its best efforts to assure that each policy shall provide that the coverage thereunder for the benefit of the Lessor, the Trustors, or any assignee under Section 16 hereof shall not be restricted, impaired or invalidated by any breach or violation by the Lessee of warranties, declarations or conditions contained in such policies. The Lessee covenants and agrees that it will throughout the term hereof furnish to the Lessor and such assignee certificates of insurers or other satisfactory evidence of the maintenance of the insurance required by this Section 11.1.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor, the Trustors and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof. Any Item of Equipment which has not or cannot be repaired within one year from the date of damage shall be deemed to have suffered a Casualty Occurrence.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Interim or Fixed Rental installment due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining

unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and paid by Lessee and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price (as defined in the Participation Agreement) of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment as the same may be increased pursuant to Annex I to said Schedule C.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until (a) payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, (b) such Item or the salvage thereof has been disposed of by the Lessee and (c) the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of

eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

11.9. Early Termination. Subject to the terms and conditions herein expressed, the Lessee shall have the following right to terminate this Lease prior to end of the term hereof:

(a) If no Event of Default (or an event which would constitute an Event of Default but for the lapse of time or of the giving of notice or both) shall have occurred and be continuing and the Equipment in Lessee's reasonable judgment as expressed in a duly adopted resolution of its Board of Directors or the executive committee thereof become surplus or economically obsolete to Lessee's requirements, then Lessee may at its option, upon not less than 180 days prior written notice to Lessor, terminate this Agreement with respect to all of the Equipment, provided that (i) the effective date (hereinafter called the Termination Date) of such termination is a Fixed Rental payment date as set forth in Section 2.2 hereof, (ii) such Termination Date occurs on or after the seventh anniversary of the Term Lease Commencement Date, (iii) no such termination shall be effective until the Equipment shall have been sold and all sums payable by the Lessee pursuant to Section 11.9(b) hereof have been paid in full, and (iv) interest rates payable by the Lessee for its indebtedness for borrowed money or finance charges payable by Lessee in connection with the acquisition of its equipment under conditional sales contracts, leases or other arrangements for deferred payment shall be disregarded in the determination of economic obsolescence.

(b) During the period from the giving of such notice until the Termination Date the Lessee shall, and the Lessor and the Trustors shall have the right but not the duty to, use reasonable efforts to obtain bids for the cash sale of the Equipment. Lessor, Trustors and Lessee shall certify to each other in writing the amount and the terms of each bid received by them and the names and addresses of the parties submitting such bids. Subject to Lessor's right to reject bids as set forth in Section 11.9(c) hereof, on the Termination Date Lessor shall without recourse, representation or warranty, sell the Equipment to the

highest bidder who shall have submitted such bid prior to such date on terms and conditions acceptable to the Trustors in their sole and absolute discretion; provided that neither the Lessee nor any member of the "Lessee Group" as defined in Revenue Procedure 75-21 may bid on or purchase the Equipment. Upon such sale the Lessee shall pay to the Lessor the amount, if any, by which the aggregate of (A) the Termination Value of the Equipment plus (B) the reasonable expenses incurred by Lessor and the Trustors in making the sale, including without limitation storage, insurance, advertising, brokerage and attorney's fees and expenses incurred in connection with such sale, and expenses incurred in repairing the Equipment so as to put it in the condition required by Section 13 hereof, plus (C) if not previously paid, the Fixed Rental installment due on such Termination Date and any other rentals or other Lessee obligations accrued and unpaid hereunder through and including such date, exceeds the proceeds of such sale. Whether or not the Lessee shall owe any amount pursuant to the preceding sentence, Lessor shall retain the entire proceeds of such sale.

(c) If, within 60 days prior to the Termination Date, neither Lessor nor Lessee shall have received any bid for the sale of the Equipment or there shall not have been received any bid which shall be acceptable to the Trustors, in their sole and absolute discretion, Lessor shall so advise Lessee. Thereupon, Lessee shall have the right (i) to notify Lessor, within 15 days following the giving of such advice, that Lessee will continue to lease the Equipment with the same effect as if Lessee had not given notice of termination with respect thereto or (ii) to pay to Lessor, on the Termination Date, the Termination Value of the Equipment, the Fixed Rental installment due on such Termination Date and any other rentals or other Lessee obligations accrued and unpaid through and including such date, and thereupon Lessee shall have no further right with respect to the Equipment and no further obligations with respect to the Equipment except those which survive the expiration of the term of this Lease. In the event of a termination pursuant to this Section 11.9(c), the Equipment shall be returned by the Lessee to the Lessor in accordance with the provisions of Section 13 hereof.

(d) Notwithstanding the foregoing, if the Termination Value exceeds the amount of any bid which is acceptable to Lessor, Lessee may at its option upon written notice given to Lessor not less

than 45 days prior to the Termination Date, elect to rescind Lessee's notice of termination, whereupon this Lease shall not terminate but shall, provided that no Event of Default (or other event which would constitute an Event of Default but for the lapse of time or the giving of notice or both) has occurred and is continuing hereunder and Lessor has not by reason thereof declared this Lease to be in default, continue in full force and effect as though no such notice of termination had been given by Lessee. In the event Lessee shall elect to rescind its notice of termination in accordance with the provisions of this Section 11.9(d), Lessee shall reimburse Lessor and the Trustors for all expenses which have been incurred in reliance upon any notice of termination by Lessee.

(e) Except as Lessee shall, in a timely fashion, have either exercised its right to continue to lease the Equipment pursuant to Section 11.9(c) hereof, or elected to rescind Lessee's notice of termination pursuant to Section 11.9(d) hereof, Lessee shall pay to Lessor all sums due pursuant to Section 11.9(b) hereof on the Termination Date, without asserting any setoff, counterclaim or other defense for any reason whatsoever.

(f) The Termination Value of the Equipment shall be an amount determined as of the Termination Date equal to that percentage of the Purchase Price of the Equipment set forth in the Schedule of Termination Value attached hereto as Schedule D opposite such date.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before March 31, 1981 and on or before each March 31 thereafter, the Lessee will furnish to the Lessor, the Trustors and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor, the Trustors and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchasers) each shall have the right but not the duty, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, deliver possession of such Item of Equipment to the Lessor upon such storage tracks as the Lessee shall then own or lease as the Lessor may designate, or if Lessee shall not then lease or own any storage tracks or cannot reasonably make available to the Lessor such designated tracks without undue burden to its business operations, upon such other storage site as the Lessor shall reasonably designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 60 days and transport the same at any time within such 60-day period to any reasonable place or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 20 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The Equipment and its accessories when delivered to the Lessor shall be in the condition required by Sections 7 and 8 hereof; and the Lessee shall pay for any repairs necessary to restore the Equipment to such condition. All rental, per diem or other similar charge earned in respect of the use, lease or rental of the Equipment after the date of expiration of this Lease, shall 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 is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall pay to the Lessor an amount equal to the higher of (i) the Casualty Value of such Item, or (ii) the Fair Market Value (determined in the manner provided in Section 18 hereof) of such Item (in each case determined as of the last day of the term of this Lease). The assembling, delivery, storage and transporting of the 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 to so assemble, deliver, store and transport the Equipment. In any event, the Lessor shall have no right hereunder to abandon any Item of Equipment to the Lessee.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental, Casualty Value or Termination Value provided in Section 2 or 11 hereof and such default shall continue for five days;

(b) Default shall be made in the payment of any other sum due hereunder and such default shall continue for fifteen days after written notice from the Lessor to the Lessee specifying the default and demanding the same be remedied;

(c) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof not permitted by this Lease;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same be remedied;

(e) Any representation or warranty made by the Lessee herein or in the Participation Agreement (other than in Section 9(c) thereof) or the Purchase Order Assignment or in any statement or certificate furnished to the Lessor, any Trustor, the Security Trustee or the Note Purchasers pursuant to or in connection with this Lease, the Participation Agreement or the Purchase Order Assignment is untrue in any respect material to this transaction or the ability of the Lessee to meet its obligations under the Operative Agreements as of the date of issuance or making thereof;

(f) Any holder of Funded Debt (as defined below) of the Lessee or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall

terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(g) The Lessee becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Lessee or for the major part of its property;

(h) A trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(i) Any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

"Funded Debt" of the Lessee shall mean any indebtedness thereof for borrowed money, whether incurred, assumed or guaranteed, or indebtedness which has been incurred, assumed or guaranteed in connection with installment sales contracts, conditional sale agreements or similar agreements (including any deferred portion of the purchase price thereof), which in any case has an unpaid principal balance of more than \$500,000 and has a stated maturity of (or is renewable or extendible at the option of the obligor

for a period or periods extending) more than 12 months from its date of origin, including the current maturities thereof, but excluding any indebtedness of the Lessee for which it is not liable in its general corporate capacity.

"Capitalized Lease" shall mean any lease of real or personal property by the Lessee, as lessee, which as originally executed provides, or is amended to provide, for a term (including the initial term and any period for which such lease may be renewed or extended at the option of the Lessee) of more than three years and which has an unexpired term of more than one year (including any such renewal or extension periods) and which provides for the payment by such lessee throughout the then remaining term of the lease of periodic rental installments aggregating more than \$500,000, whether or not such lease or the rentals thereunder are reflected in the balance sheet of said lessee, or any lease of real or personal property by any other party otherwise described above for which the Lessee has assumed or guaranteed the obligations of the lessee thereunder.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee to the extent permitted by Section 16 hereof, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (1) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify:

(x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified in Section 18.2(b) hereof; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of

any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

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

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, each Trustor, the Security Trustee and the Note Purchasers, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance, if any, required by Section 11.1 hereof; and

(c) Transport the Equipment to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may direct in writing.

All rental, per diem or other similar charge earned in respect of the use, lease or rental of the Equipment after the date of termination of this Lease, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 60 days after the termination of this Lease, the Lessee shall pay to the Lessor or, in the case of such assignment, to such assignee an amount equal to the higher of (i) the Casualty Value of such Item, or (ii) the Fair Market Value (determined in the manner provided in Section 18 hereof) for such Item (in each case determined as of the date of termination of this Lease).

The Equipment and its accessories when delivered to the Lessor shall be in the condition required by Sections 7 and 8 hereof; and the Lessee shall pay for any repairs necessary to restore the Equipment to such condition.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the 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, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim

or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor or a Trustor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 20.3 hereof which shall remain enforceable solely by the Lessor and/or such Trustor, as the case may be), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee, the Lessor and the Trustors may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of

its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession in Lessee's Operations; Permitted Subleases. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon its private tracks owned or leased and on the lines of railroads located in the continental United States, but only upon and subject to all the terms and conditions of this Lease. The Lessee shall at no time throughout the term of this Lease assign or permit the assignment of any Item of Equipment to service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States. The Lessee may from time to time sublease Items of Equipment to other electric utilities; provided, however (i) for any Item of Equipment to be subleased longer than 120 days, the Lessee shall obtain the prior written consent of the Lessor and the Security Trustee, and (ii) no sublease shall exceed the then remaining term of this Lease. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of Properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS.

18.1. Right of First Refusal. The Lessor and the Trustors intend to retain the Equipment at the expiration of the term of this Lease. Unless an Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, for a period of 90 days after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 18.2 hereof, for a period of 90 days after the end of such renewal term) sell, transfer or otherwise dispose of any Item of Equipment unless:

(a) the Lessor shall have received from a ready, willing and able purchaser or purchasers a bona fide offer or offers in writing to purchase such Item of Equipment;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the Item or Items of Equipment to be purchased, the proposed purchase price or prices and the proposed date of purchase, and (ii) offering to sell such Item of Equipment to the Lessee for cash upon the same terms and conditions as those set forth in such notice; provided that in the event such proposal is in respect of more than one Item of Equipment, the Lessee must purchase all such Items of Equipment as a group; and

(c) the Lessee shall not have notified the Lessor, within 30 days following receipt of such notice, of its election to purchase such Item or Items of Equipment for cash on such date upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Item or Items of Equipment, the Lessor may sell such Item or Items of Equipment during said 90 day period at a price no less favorable to the Lessor than those specified in such notice. Notwithstanding the foregoing provisions of this Section 18.1, the Lessor may, if the Lessee has not renewed this Lease pursuant to Section 18.2 hereof, lease any or all Items of Equipment at any time after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 18.2 hereof, at the end of such renewal term) without first offering to lease the Equipment to the Lessee.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease either as to all or as to 120 of the Items of Equipment then leased hereunder for one additional renewal term of five years or two additional renewal terms of three years each as the Lessee shall specify upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment, that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term

shall be an amount equal to the higher of (i) the Fair Market Value (as hereinafter defined) of such Item of Equipment as of the beginning of such renewal term, or (ii) an amount equal to 20% of the Purchase Price of such Item of Equipment, and that there shall be no right of termination as provided in Section 11.9 hereof. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election not more than 360 and at least 180 days prior to the commencement of any renewal term provided for in this Section 18.2. The Lessee and the Lessor agree to negotiate in good faith the Fair Rental Value and Fair Market Value of such Item of Equipment. If the Lessee elects to renew this Lease as to 120 of the Items of Equipment, the Lessor shall randomly select such Items and shall give the Lessee a written list of their identifying marks and numbers within 30 days after receipt of the notice to renew.

(b) The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be and on the assumption that such Item is in the condition required upon return of such Item pursuant to Section 13 hereof. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days after the beginning of such 90-day period, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the

Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.3. Delivery of Equipment. Except to the extent the Lessee has elected to purchase any Item of Equipment then leased hereunder or to renew this Lease in respect to any Item of Equipment, in each case as provided in this Section 18, each Item of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding any nonpayment of rent or other sums due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 12-3/4% per annum (or the maximum lawful rate, whichever is less) on the overdue rentals and sums and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. MISCELLANEOUS.

20.1. Limitations of Liability. It is expressly understood and agreed by and between the Lessor and the Lessee and their respective successors and assigns that this Lease is executed by First Security Bank of Utah, N.A., not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security Bank of Utah, N.A. or any Trustor, or for the purpose or with the intention of binding First Security Bank of Utah, N.A. or any Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by First Security Bank of Utah, N.A. solely in the exercise of the powers expressly conferred upon First Security Bank of Utah, N.A. as trustee under the Trust Agreement, that actions to be taken by the Lessor pursuant to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustors, that nothing herein contained shall be construed as creating any liability on First Security Bank of Utah, N.A. or any Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, First Security Bank of Utah, N.A. or any Trustor, to perform any covenant either express

or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee, and that so far as First Security Bank of Utah, N.A. or any Trustor, individually or personally are concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease; provided that nothing in this Section 20.1 shall be construed to limit in scope or substance those representations and warranties of First Security Bank of Utah, N.A. in its individual capacity set forth in the Participation Agreement. The term "Lessor" as used in this Lease shall include any trustee succeeding First Security Bank of Utah, N.A. as trustee under the Trust Agreement or the Trustors if the trust created thereby is revoked. Any obligation of the Lessor hereunder may be performed by any Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

It is expressly understood and agreed by and between the Lessor and the Lessee and their respective successors and assigns that this Lease is executed by the Lessee in its corporate capacity and that nothing herein contained shall be construed as creating any liability on any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Lessee to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessor and the Trustors and by each and every person now or hereafter claiming by, through or under the Lessor or any Trustor.

20.2. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: First Security Bank of Utah, N.A.
 79 South Main Street
 Salt Lake City, Utah 84111
 Attention: Corporate Trust Department

Payments to the Lessor hereunder
to be made as follows:

By wire transfer to the address for
notice provided above

If to the Trustors: Westinghouse Credit Corporation
Three Gateway Center
Pittsburgh, Pennsylvania 15222
Attention: Manager-Lease Operations

First Security Bank of Idaho, N.A.
c/o First Security Leasing Company
79 South Main Street
Salt Lake City, Utah 84111
Attention: President

The Fifth Third Bank
Fifth Third Center
38 Fountain Square Plaza
Cincinnati, Ohio 45202
Attention: Mr. Charles P. Reynolds

If to the Security
Trustee: The Connecticut Bank and Trust
Company
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

If to the Lessee: Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105
Attention: L. C. Rasmussen

If to any Note
Purchaser: At the addresses provided therefor
in Schedule 2 to the Participation
Agreement

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

20.3. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor, any Trustor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Security Trustee and the Note Purchasers) may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of 12-3/4% per annum or such lesser maximum rate as permitted by law.

20.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.5. Law Governing. This Lease shall be construed in accordance with the laws of the State of Missouri; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

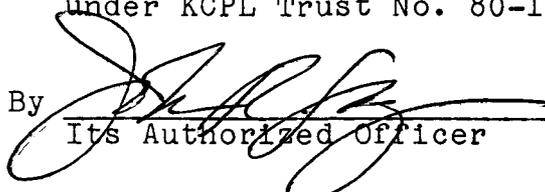
20.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

FIRST SECURITY BANK OF UTAH, N.A.,
not individually but solely as Trustee
under KCPL Trust No. 80-1

[CORPORATE SEAL]

By 
Its Authorized Officer

ATTEST:


Authorized Officer

KANSAS CITY POWER & LIGHT COMPANY

By _____
Its _____

[CORPORATE SEAL]

ATTEST:

Secretary

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this 26th day of March¹⁹⁸⁰, 1980, before me personally appeared John R. Sager, to me personally known, who being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national association that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Randy R. Marchant
Notary Public



STATE OF MISSOURI)
) SS
COUNTY OF JACKSON)

On this ____ day of January, 1980, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of _____, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: ACF Industries, Incorporated

Description and Mark and
Number of Items of
Equipment: 240 Open Top Hoppers
 Marked and Numbered KCLX 7371,
 7372, 7374 through 7491, both
 inclusive, and KCLX 45241 through
 45360, both inclusive

Base Purchase Price of
Equipment: \$46,000 per Item

Maximum Aggregate Purchase
Price of Equipment: \$11,100,000

Place of Delivery: St. Charles, Missouri or Seeburger,
 Missouri

Outside Delivery Date: September 30, 1980

(KCPL Trust No. 80-1)

SCHEDULE A
(to Equipment Lease)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: First Security Bank of Utah, N.A., not in its individual capacity but solely as Trustee under KCPL Trust No. 80-1 (the "Lessor")

ACF Industries, Incorporated (the "Manufacturer")

I, a duly appointed and authorized representative of Kansas City Power & Light Company (the "Lessee") under the Equipment Lease dated as of January 1, 1980 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT: 240 Open Top Hoppers

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment appear to be in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture or condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company,
as Owner-Trustee and Subject to a Security
Interest Recorded with the I.C.C."

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

Dated: _____, 19__

Inspector and Authorized
Representative of the Lessee

(KCPL Trust No. 80-1)

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule (as the same may be increased pursuant to Annex 1 to this Schedule C):

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	84.8217
1	85.8532
2	87.0971
3	88.0292
4	88.7262
5	89.1430
6	91.5041
7	89.1650
8	88.8781
9	88.3406
10	89.7156
11	86.5265
12	85.3614
13	83.9833
14	84.7883
15	80.5850
16	78.6810
17	76.6122
18	74.4115
19	72.0822
20	69.6296
21	67.0664
22	64.4547
23	61.7734
24	59.0172
25	56.2088
26	53.3244
27	50.3662
28	47.3103
29	44.1961
30	41.0143
31	37.7484
32	34.3730
33	30.9087
34	27.3286
35	23.6545
36	20.0000
and thereafter during storage period	

ANNEX 1 TO SCHEDULE C
(to Equipment Lease)

The percentages set forth in Table 1 to this Schedule C have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Internal Revenue Code of 1954, as amended. Consequently, the Casualty Value of any Item of Equipment suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Item shall be increased by the applicable percentage of the Purchase Price set forth below (determined as of the actual date of the Casualty Occurrence):

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
3rd	19.8059
5th	13.2039
7th	6.6020

SCHEDULE OF TERMINATION VALUE

The Termination Value for an Item of Equipment payable on the 14th Fixed Rental payment date and on any Fixed Rental payment date thereafter shall mean an amount equal to the percentage of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Number of Fixed Rental Payment Date on which Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Termination Value</u>
14	83.3817
15	81.6211
16	77.7751
17	77.6359
18	75.8938
19	73.0928
20	70.6332
21	68.0630
22	65.3947
23	62.6434
24	59.8172
25	56.9388
26	53.9844
27	50.9562
28	47.8303
29	44.6263
30	41.3190
31	37.9291
32	34.4300
33	30.8437
34	27.1418
35	23.3476

(KCPL Trust No. 80-1)

SCHEDULE D
(to Equipment Lease)