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INTERSTATE COMMERCE COMMISSION

No. 0-175A135
Date JUN 23 1980
Fee $ 100.00
ICC Washington, D. C.

RECORDATION NO. 11923 Filed 1425
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INTERSTATE COMMERCE COMMISSION

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RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN
WILLIAM P. DICKEY
STUART W. GOLD
JOHN W. WHITE

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRIC
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON
ALLEN H. MERRILL

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX: 8814901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

June 19, 1980

Great Lakes Carbon Corporation
Lease Financing (B) Dated as of May 15, 1980
14-3/4% Conditional Sale Indebtedness Due 1998
[CS&M Ref: 3909-033B]

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Great Lakes Carbon Corporation for filing and recordation, counterparts of the following:

New Number –

(1) (a) Conditional Sale Agreement dated as of May 15, 1980, between First Security Bank of Utah, National Association and Trinity Industries, Inc.; and

– A

(b) Agreement and Assignment dated as of May 15, 1980, between Mercantile-Safe Deposit and Trust Company and Trinity Industries, Inc.

– B

(2) (a) Lease of Railroad Equipment dated as of May 15, 1980, between Great Lakes Carbon Corporation and First Security Bank of Utah, National Association; and

– C

(b) Assignment of Lease and Agreement dated as of May 15, 1980, between First Security Bank of Utah, National Association and Mercantile-Safe Deposit and Trust Company.

Counterparts — John Augustin

The addresses of the parties to the aforementioned agreements are:

Lessor-Vendee:

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111.

Builder-Vendor:

Trinity Industries, Inc.
4001 Irving Boulevard
Dallas, Texas 75207.

Lessee:

Great Lakes Carbon Corporation
299 Park Avenue
New York, N. Y. 10017

Agent-Vendor-Assignee:

Mercantile-Safe Deposit and Trust Company
P. O. Box 2258
Two Hopkins Plaza
Baltimore, Maryland 21203.

The equipment covered by the aforementioned agreements consists of 230 100-ton covered triple hopper cars bearing the road numbers of the Lessee GLCX 8000-8229, inclusive, and also bearing the legend "Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission".

Enclosed is our check for $100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt

Interstate Commerce Commission

Washington, D.C. 20423

6/23/80

OFFICE OF THE SECRETARY

Susan E. Gorman
Cravath, Swaine, & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Ms. Gorman:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/23/80 at 2:00pm , and assigned re-recordation number(s). 11923, 11923-A, 11923-B & 11923-C

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

11923
RECORDATION NO. Filed 1425
JUN 23 1980 2 00 PM
INTERSTATE COMMERCE COMMISSION

See D for #5

[CS&M Ref: 3909-033B]

CONDITIONAL SALE AGREEMENT

Dated as of May 15, 1980

Between

FIRST SECURITY BANK OF UTAH, National Association,
as Trustee,

and

TRINITY INDUSTRIES, INC.

14-3/4% Conditional Sale Indebtedness Due 1998

CONDITIONAL SALE AGREEMENT

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Annex D--Lease Assignment and Consent

CONDITIONAL SALE AGREEMENT dated as of May 15, 1980, between TRINITY INDUSTRIES, INC. (hereinafter called the "Builder" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof), and FIRST SECURITY BANK OF UTAH, National Association (the "Vendee"), acting not in its individual capacity but solely as trustee under a Trust Agreement (the "Trust Agreement") dated as of the date hereof with George S. Eccles (the "Owner").

WHEREAS the Builder agrees to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto and indicated thereon to be built by the Builder (the "Equipment") or so much thereof as shall not be excluded herefrom pursuant to any provision hereof; and

WHEREAS the Vendee is entering into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") with Great Lakes Carbon Corporation (the "Lessee"), in substantially the form annexed hereto as Annex C.

WHEREAS Mercantile-Safe Deposit and Trust Company (the "Assignee" or "Vendor") is acting as agent for certain institutional investors pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Assignee, the Lessee, the Vendee, the Owner and the parties named in Schedule A thereto.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish such portion of the Purchase Price (as hereinafter defined) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price as is payable hereunder shall be paid by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "CSA Assignment") between the Builder and the Assignee.

The term "Builder", whenever used in this Agreement, means, both before and after such assignment of its rights hereunder, the corporation named in Item 1 of Annex A hereto and any successor or successors for the time being to its manufacturing properties and business. The term "Vendor", whenever used in this Agreement, means, before any such assignment, the Builder, as the context may require, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of the Vendee's obligations hereunder, such of the right, title and interest of the Vendee in and to the Lease as is specified in and pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (the "Lease Assignment") and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (the "Consent").

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), said Builder's Equipment, each unit of which shall be constructed in accordance with the specifications and terms referred to in Annex B hereto and in accordance with such modifications of such specifications as may be agreed upon, and evidenced in writing, by said Builder, Lessee and the Vendee (such specifications and modifications thereof, if any, being herein called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all U.S. Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment and eligible for interchange service under the rules of interchange of the Association of American Railroads (or any successor thereto).

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of its Equipment to the Vendee at the place specified in Annex B hereto; provided, however, that delivery of the Equipment shall not be made until this Agreement, the Lease, the CSA Assignment and the Lease Assignment have been filed pursuant to 49 U.S.C. § 11303; and provided, further, that the Builder shall not have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (d) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default. The Builder agrees not to deliver any unit of its Equipment hereunder (a) following receipt of written notice from the Vendee or the Assignee of the commencement of any such proceedings or the occurrence of any such event of default or event, as aforesaid or the death of the Owner and (b) until it receives notice from the Assignee that the conditions contained in Paragraph 6 of the Participation Agreement have been met and from the Vendee that the conditions contained in Paragraph 7 of the Participation Agreement have been met.

Any unit of Equipment not delivered at the time of receipt of the notice specified in clause (a) of the last sentence of the first paragraph of this Article 3 and any unit of Equipment not delivered and accepted hereunder on or prior to June 30, 1980, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such unit of Equipment. If any unit of Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the Vendee and the Builder (and any assignee of the Builder) shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom.

The Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder.

Upon or after completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a Certificate of Acceptance (as defined in the Lease).

On delivery by the Builder hereunder of each unit of the Equipment and acceptance of each such unit hereunder at the place specified for delivery, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties and indemnification obligations referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to or purported to be created in or transferred to the Vendee shall be held by the Vendee solely as trustee for the benefit of the Builder thereof.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as may be agreed to by the Builder,

the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price as so increased or decreased as set forth in the invoice or invoices of the Builder delivered to the Vendee (the "Invoice" or "Invoices"), and if the Purchase Price is other than the base price or prices set forth in Annex B, the Invoice or Invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee. If on the Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder (and any assignee of the Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for, in inverse order of their delivery pursuant to Article 3 hereof, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as aforesaid). Notwithstanding anything to the contrary contained herein, the Maximum Purchase Price specified in Annex A hereto shall not be increased without the written agreement of each party to the Participation Agreement.

The Equipment shall be settled for in accordance with Item 2 of Annex A hereto in one group of the Equipment delivered to and accepted by the Vendee as is provided in said Item 2 (such group being hereinafter called a "Group"). The term "Closing Date" with respect to the Group shall mean the date of settlement for such Group specified in said Item 2 or such later date (not later than July 15, 1980, such date being herein called the Cut-Off Date) occurring not more than 10 business days following presentation by the Builder to the Vendee of Invoices for the Equipment (with copies to the Lessee) and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Lessee by written the Lessee) and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which

banking institutions in New York, New York, Salt Lake City, Utah, or Baltimore, Maryland, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the following:

(a) on the Closing Date with respect to each Group an amount equal to (i) 30.242419% of that portion of the aggregate Purchase Price of such Group represented by the Invoice or Invoices of the Builder therefor (being the aggregate Purchase Price of such Group), plus (ii) to the extent the Vendee shall have agreed and shall not theretofore have paid, any amount by which the aggregate Purchase Price of all units of Equipment theretofore or then being settled for hereunder exceeds the Maximum Purchase Price; and

(b) in 35 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect to such Equipment pursuant to clauses (i) and (ii) of subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the "CSA Indebtedness") shall be payable in 35 consecutive semiannual installments commencing July 2, 1981, to and including July 2, 1998 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the CSA Indebtedness shall bear interest from and including the Closing Date in respect of which such CSA Indebtedness was incurred at the rate of 14-3/4% per annum, payable (to the extent accrued) (i) on January 2, 1981, and (ii) on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal will completely amortize

the CSA Indebtedness. The Vendee will furnish to the Vendor promptly after the last Closing Date a schedule showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of 12 30-day months except that the interest payable on January 2, 1981, and interest due pursuant to the next succeeding paragraph shall be determined on an actual elapsed-day, 365-day-year basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof (without reference to any grace periods provided for in Article 15 hereof) at the rate of 15-3/4% per annum (the "Penalty Rate").

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due; provided, however, that if an Event of Default shall occur and be continuing under the Lease and if a Declaration of Default (as defined in Article 15 hereof) shall have been made, the Vendee may at its option, but shall not be obligated to, prepay without penalty or premium the entire CSA Indebtedness, by paying the principal amount thereof plus accrued and unpaid interest thereon.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), but not limiting the effect of Article 21 hereof, the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder (excluding only the obligations set forth in subparagraph (a) of the third paragraph of this Article 4 and the proviso in the third paragraph of Article 12 hereof) shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", and such payments shall be required to be made by the Vendee only to the extent that the Vendee or any assignee of the Vendee shall

have actually received sufficient "income and proceeds from the Equipment" to make such payments; provided, however, that nothing in this or the next succeeding sentence shall be deemed to limit in any way the agreements, obligations or liabilities of the Owner under the Guarantee (as defined in the Participation Agreement). Except as provided in the next preceding sentence, the Vendor agrees that the Vendee shall have no personal liability to make any payments under this Agreement except from the "income and proceeds from the Equipment". In addition, the Vendor agrees that the Vendee (i) makes no representation or warranty as to, and is not responsible for, the execution, validity, sufficiency or enforceability of the Lease (or any document relative thereto) insofar as it relates to the Lessee or of any of the Lessee's obligations thereunder and (ii) shall not be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease or the Consent; it being understood that as to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease against the Lessee and the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include: (x)

amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the occurrence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) amounts excluded from the Lease Assignment pursuant to the first paragraph of Paragraph 1 thereof. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment or the Vendee's interest in the Lease for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement (in respect of the Purchase Price of the Equipment, interest payable thereon or otherwise) and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will, at the

Vendee's expense, (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by net income, excess profits taxes and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor by reason of its interest therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions which might in

any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it or the Lessee is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Termination; Casualty Occurrences; Insurance. The Vendee agrees that, at the Vendee's own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep all of the units of Equipment which are subject to this Agreement in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for interchange service under the rules of interchange of the Association of American Railroads (or any successor thereto).

In the event that any unit of the Equipment shall be or become lost, stolen, destroyed, irreparably damaged or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession thereof by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Agreement (a "Casualty Occurrence") during the term of this Agreement, the Owner shall, promptly after it shall have received notice from the Lessee thereof or otherwise been notified that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the Payment Date next succeeding such notice or notification (or, in the event such date will occur within 15 days after delivery of such notice or notification to the Vendee, on the following Payment Date), the Vendee shall, subject to the limitations contained

in the last paragraph of Article 4 hereof, pay to the Vendor an amount equal to the Casualty Value, as hereinafter defined, of such unit suffering a Casualty Occurrence as of the date of such payment. On the date of any such payment, the Vendee shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, the security interest of the Vendor in such unit shall terminate, and absolute right to the possession, of title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver, to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such termination to the Vendee, in recordable form, in order that the Vendee may make clear upon the public records the full title of the Vendee to such unit.

Any property insurance proceeds or condemnation payments received and retained by the Vendor in respect of units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Vendee to the Vendor in respect of Casualty Occurences pursuant to this Article. If the Vendor shall receive any property insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Vendee shall have made payments pursuant to this Article without deduction for such property insurance proceeds or condemnation payments, or in excess of the Casualty Value (after taking into account payments by the Vendee under this Article) of such units, the Vendor shall promptly pay such property insurance proceeds or condemnation payments to the Vendee. All property insurance proceeds or condemnation payments or such excess received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that the damage to such unit in respect of which such proceeds were paid has been fully repaired.

Any money paid to the Vendor pursuant to this Article shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised

schedule of payments of principal and interest thereafter to be made, in such number of counterparts as they may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

The "Casualty Value" of any unit of Equipment on any date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the Conditional Sale Indebtedness outstanding on such date by a fraction of which the numerator shall be the Purchase Price of such unit and the denominator shall be the Purchase Price of all units (including such unit) subject to this Agreement on such date.

The Vendee will at all times prior to the payment of the Conditional Sale Indebtedness, together with interest thereon and all other payments required hereby, at its own expense, carry and maintain or cause to be carried and maintained public liability insurance at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee or any other user of the Equipment in respect of similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before April 30 in each year, commencing with the year 1981, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effects set forth in § 8 of the Lease.

ARTICLE 9. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

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

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's operations involving the Equipment may extend, with all lawful rules of the U.S. Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, and with all applicable interchange rules, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or modification of or to any part on any unit of the Equipment, the Vendee will cause the Equipment to conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of Equipment by the Builder to the Vendee, to the possession of such Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement. The Vendee shall not assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the continental United States of America; it being understood, however, that any such occasional use shall be subject to § 12 of the Lease.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease and agree that the rights of the

Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be terminated (except in accordance with its terms) or amended in any respect that materially affects the interests of the Vendor without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Vendee or the Owner or their successors or assigns, not arising out of the transactions contemplated hereby (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, (i) might become a lien, charge or security interest on or with respect to the Equipment, or any unit

thereof, or the Vendee's or Owner's interest in the Lease and the payments to be made thereunder or (ii) would result in the bankruptcy or reorganization of the Vendee or the Owner; but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of the Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever to the extent that the same arise out of any tort, breach of warranty or failure to perform any covenant hereunder or under any related document by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all of the Equipment.

The Builder represents and warrants to the Vendee that, at the time of delivery by it, and acceptance, of each unit of the Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature other than this Agreement and the Lease.

The agreement of the parties relating to warranties by the Builder in respect of the units of the Equipment is set forth in Item 3A of Annex A hereto.

ARTICLE 14. Assignments. Without the prior consent of the Vendor, which consent will not be unreasonably withheld, the Vendee will not (a) transfer the right to possession of any unit of the Equipment, except as provided in Article 11 hereof, or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement, except as hereinafter provided in this Article 14 and is permitted by, and in accordance with the terms of Article VII of the Trust Agreement. In the event of any such assignment, conveyance or transfer, the transferee corporation shall become a party to this Agreement and will agree to be bound by all the terms of and will undertake all of the obligations of the predecessor transferor contained in this Agreement in such manner as is satisfactory to the Assignee. Upon any such transfer as above provided, such transferee corporation shall be deemed the "Vendee" for all purposes hereof, and each reference herein to such Vendee shall thereafter be deemed to include a reference to such transferee corporation.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment to the Vendee in accordance herewith or to respond to its warranties and indemnities contained or referred to in Articles 2 and 13 hereof, or relieve the Vendee of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue until the later of 10 business days after the date such payment is due and payable or five business days after notice of nonpayment shall have been given by the Vendor to the Vendee; or

(b) default shall be made in the observance or performance of any other of the conditions, representations, warranties and agreements on the part of the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee contained herein or in any agreement entered into concurrently herewith relating to the financing of the Equipment (other than the Lease), and such default shall continue for 30 days after written notice from the Vendor to the Vendee and the Lessee specifying the default and demanding that the same be remedied; or

(c) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 15 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(d) any proceeding shall be commenced by or against the Vendee, the Owner or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder, the Owner under the Trust Agreement or of the Lessee under the Lease or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), 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 Vendee under this Agreement, the Owner under the Trust Agreement or of the Lessee under the Lease and the Consent, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee, the Owner or the Lessee as the case may be, or for their respective property 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 60 days after such proceedings shall have been commenced; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease unless the Vendee shall have cured the corresponding event of default hereunder within five days after written notice to the Vendee of such event of default; provided, however, that if more than two Events of Default shall have occurred under clause (a) of § 10 of the Lease, any such Event of Default shall be an event of default hereunder whether or not the corresponding event of default hereunder is cured;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the proviso in the second paragraph of § 4 of the Lease relating to the Lessee's rights to possession, use and assignment under §§ 4 and 12 of the Lease, cause the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor so to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest thereon shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event of which the Vendee has actual knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and the Vendor had taken no action

to enforce its rights hereunder by reason thereof. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. Subject to the Lessee's rights of possession and use under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee or, at the expense of the Vendee, upon any other storage tracks, as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge

for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

Subject to the Lessee's rights of possession and use under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 90 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement (including fees and expenses

referred to in the following paragraph), then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

Subject to the Lessee's rights of possession and use under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York City, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Vendee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale, provided that the Lessee may not so bid if it shall have caused the event or events of default in respect of which the relevant Declaration of Default was made. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than ten days prior thereto, by telegram or registered mail. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where fewer than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of any sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity and may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence

duly granted to the Vendee or the Lessee shall not otherwise affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Penalty Rate, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover such reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, waives all

statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed in accordance with 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement.

The Vendee will promptly furnish to the Vendor certificates or other evidence satisfactory to the Vendor of every such filing, registering, depositing and recording.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, the Trust Agreement and the CSA Assignment, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Except where other notice requirements are expressly set forth, any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first-class mail, postage prepaid, at the following addresses:

(a) to the Lessee, at 299 Park Avenue, New York, N.Y. 10017, Attention of Vice President and Treasurer,

(b) to the Vendee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Department,

(c) to the Builder, at its address specified in Item 1 of Annex A hereto,

(d) to the Assignee, at P. O. Box 2258, Two Hopkins Plaza, Baltimore, Maryland 21203, attention of Corporate Trust Department, with copies to the Investors at their respective addresses specified in Schedule A to the Participation Agreement, and

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee or the Vendor, as the case may be, and to the Lessee, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties listed in this Article 20.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the first, second (but only insofar as it relates to filing of a certificate with respect to Casualty Value, as the case may be) and the third sentences of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or

amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood, anything in this Agreement to the contrary notwithstanding, that each of the warranties, representations, undertakings and agreements herein made on the part of the Vendee are made and intended not as personal warranties, representations, undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Agreement is executed and delivered by said bank not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of wilful misconduct or gross negligence, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Owner (except, with respect to each such party, in connection with the payment or discharge of claims, liens, charges or security interests claimed from, through or under such party or its successors and assigns pursuant to the proviso to the last paragraph of Article 12 of this Agreement and except, with respect to the Owner, pursuant to Section 1.03 and the last paragraph of Section 5.01 of the Trust Agreement), on account of this Agreement or on account of any warranty, representation, undertaking or agreement of the said bank or the Owner hereunder, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the

CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

TRINITY INDUSTRIES, INC.,

by E B Breeding
Senior Vice Pres

[CORPORATE SEAL]

Attest:
Neil O. Shoop
Ass't. Secretary

FIRST SECURITY BANK OF UTAH,
National Association,

by _____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF TEXAS,)
) ss.:
COUNTY OF DALLAS,)

On this 20th day of June 1980, before me personally appeared E B Breeding, to me personally known, who, being by me duly sworn, says that he is a Vice President of TRINITY INDUSTRIES, INC., 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.

Margaret F Jones
Notary Public

[Notarial Seal]

My Commission expires 11-30-80

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of June 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, National Association, that the seal affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

Allocation Schedule
of Each $1,000,000 of 14-3/4% CSA Indebtedness
Payable in Installments

Date	Debt Service	Interest Payment	Principal Recovery	Remaining Balance
1/2/81	$ *	$ *	$ .00	$1,000,000.00
7/2/81	80,110.29	73,749.99	6,360.30	993,639.70
1/2/82	80,110.29	73,280.92	6,829.37	986,810.33
7/2/82	80,110.29	72,777.25	7,333.04	979,477.29
1/2/83	80,110.29	72,236.44	7,873.85	971,603.44
7/2/83	80,110.29	71,655.74	8,454.55	963,148.89
1/2/84	80,110.29	71,032.22	9,078.07	954,070.82
7/2/84	80,110.29	70,362.71	9,747.58	944,323.24
1/2/85	80,110.29	69,643.83	10,466.46	933,856.78
7/2/85	80,110.29	68,871.93	11,238.36	922,618.42
1/2/86	80,110.29	68,043.10	12,067.19	910,551.23
7/2/86	80,110.29	67,153.14	12,957.15	897,594.08
1/2/87	80,110.29	66,197.55	13,912.74	883,681.34
7/2/87	80,110.29	65,171.49	14,938.80	868,742.54
1/2/88	80,110.29	64,069.75	16,040.54	852,702.00
7/2/88	80,110.29	62,886.76	17,223.53	835,478.47
1/2/89	80,110.29	61,616.53	18,493.76	816,984.71
7/2/89	80,110.29	60,252.61	19,857.68	797,127.03
1/2/90	97,912.57	58,788.11	39,124.46	758,002.57
7/2/90	97,912.57	55,902.68	42,009.89	715,992.68
1/2/91	97,912.57	52,804.45	45,108.12	670,884.56
7/2/91	75,413.71	49,477.73	25,935.98	644,948.58
1/2/92	75,413.71	47,564.95	27,848.76	617,099.82
7/2/92	75,413.71	45,511.11	29,902.60	587,197.22
1/2/93	75,413.71	43,305.79	32,107.92	555,089.30
7/2/93	75,413.71	40,937.83	34,475.88	520,613.42
1/2/94	75,413.71	38,395.23	37,018.48	483,594.94
7/2/94	75,413.71	35,665.12	39,748.59	443,846.35
1/2/95	75,413.71	32,733.66	42,680.05	401,166.30
7/2/95	75,413.71	29,586.01	45,827.70	355,338.60
1/2/96	75,413.71	26,206.22	49,207.49	306,131.11
7/2/96	75,413.71	22,577.17	52,836.54	253,294.57
1/2/97	75.413.71	18,680.47	56,733.24	196,561.33
7/2/97	75,413.71	14,496.40	60,917.31	135,644.02
1/2/98	75,413.71	10,003.75	65,409.96	70,234.06
7/2/98	75,413.82	5,179.76	70,234.06	.00
	$2,786,818.40	$1,786,818.40	$1,000,000.00	

* Interest only on the CSA Indebtedness shall be payable to the extent accrued on this date.

ANNEX A

TO

CONDITIONAL SALE AGREEMENT

Item 1: Trinity Industries, Inc., 4001 Irving Boulevard, Dallas, Texas 75207.

Item 2: Unless the parties shall otherwise agree, the Equipment shall be settled for in one group.

Item 3. The Builder warrants to the Vendee for a period of one year from the date of shipment f.o.b. plant of manufacture that the units of the Equipment are free of defects in material and workmanship.

THE BUILDER SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL DAMAGES, OR ANY FURTHER LOSS BY REASON OF ANY DEFECT.

This warranty does not cover or apply to any product, accessory, part or attachment which is not manufactured by the Builder.

If the Trustee or the Lessee believes any part of the Equipment to be defective in material or workmanship, the Vendee or the Lessee must give written notice thereof to the Builder at its address specified in this Agreement prior to the expiration of the initial warranty period, specifying details as to date and place of purchase, car number, and alleged defect. The Builder will then give written instructions as to how any defect is to be repaired or replaced. Subject to compliance with the foregoing requirements and provided that the Builder determines the alleged defect to be the result of faulty material or workmanship, the Builder, without charge, will repair any defect in material or workmanship within 120 days after the defective part or Equipment is received by the Builder at the factory from which it was shipped or at such other location specified in writing by the Builder.

THE ABOVE EXPRESS WARRANTY IS IN LIEU OF ALL OTHER EXPRESS WARRANTIES (EXCEPT AS TO TITLE) AND ALL WARRANTIES, EXPRESS OR IMPLIED (EXCEPT AS TO TITLE), ARE LIMITED TO ONE YEAR IN DURATION AS SPECIFICALLY PROVIDED ABOVE.

Item 4: The Builder shall defend any suit or proceedings brought against the Vendee or the Lessee based on a claim that the Equipment or any part thereof furnished hereunder constitutes an infringment of any United States patent, if notified promptly in writing and given authority, information and assistance (at the expense of the Builder) for the defense of same, and the Builder shall pay all damages and costs awarded therein against the Vendee or the Lessee. In case the Equipment or any part thereof is in such suit held to constitute infringement and the use of said Equipment or parts is enjoined, the Builder shall, at its own expense, and at its option, either procure for the Vendee and the Lessee the right to continue using said Equipment or parts, or replace same with noninfringing equipment or modify it so it becomes noninfringing, or refund the Purchase Price. If the Purchase Price is so refunded, such refund shall be made to the assignee of Builder's rights under this Agreement if this Agreement has been so assigned, which refund to the extent of the unpaid CSA Indebtedness, shall be applied in like manner as payments in respect of Casualty Occurrences under Article 7 of this Agreement and, as long as no event of default or event which with the lapse of time and/or demand could constitute an event of default under this Agreement shall have occurred and be continuing, the balance shall be paid by such assignee to the Trustee. The foregoing states the entire liability of the Builder for patent infringement by said Equipment or any part thereof.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is $10,235,000.*

Item 6: The maximum CSA Indebtedness referred to in Article 4 of the CSA to which this Annex A is attached is $7,128,677.50.**

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* The Maximum Purchase Price shall be reduced by any amounts heretofore paid or to be paid for units of Equipment settled for under the Other Documents.

** The maximum CSA Indebtedness shall be reduced by any amounts paid by the Investors on any Closing Date under the Other Documents.

ANNEX B
TO
CONDITIONAL SALE AGREEMENT*

uilder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Place and Assumed Time of Delivery
inity dustries, c.	100-ton Covered Triple Hopper	L 153	HC3-47-1	Dallas, Texas	230	$44,500	$10,235,000	GLCX 8000-8229	June 1980, F.O.B. Builder's Plant

* Notwithstanding anything herein to the contrary, this Agreement will cover only those units of Equipment that are livered and accepted on or before June 30, 1980, and in no event more than 115 units of Equipment. After delivery all units of Equipment covered by this Agreement, this Annex B will be amended to describe only those units of uipment covered by this Agreement.

ANNEX C

[3909-033B]

LEASE OF RAILROAD EQUIPMENT

Dated as of May 15, 1980

Between

GREAT LAKES CARBON CORPORATION,
Lessee,

and

FIRST SECURITY BANK OF UTAH, National Association,
as Trustee,

Lease of Railroad Equipment

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LEASE OF RAILROAD EQUIPMENT dated as of May 15, 1980, between GREAT LAKES CARBON CORPORATION, a Delaware corporation (the "Lessee"), and FIRST SECURITY BANK OF UTAH, National Association, a national banking association (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with George S. Eccles (the "Owner").

WHEREAS, pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Lessee, the Lessor, the Owner, Mercantile-Safe Deposit and Trust Company, acting as agent (hereinafter together with its successor and assigns called the "Vendor") and the parties named in Schedule A thereto, the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Trinity Industries, Inc. (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule 1 hereto (the "Equipment");

WHEREAS the Builder is assigning its interest in the CSA to the Vendor;

WHEREAS the Lessor is assigning its interest in this Lease to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Lessee desires to lease such number of units of the Equipment as are delivered and accepted under the CSA (the "Units") at the rentals and for the terms and upon the conditions hereinafter provided;

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

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, any abatement, reduction or setoff due, or alleged to be due, by reason of any past, present or future

claims of the Lessee against the Lessor under this Lease or under the CSA, or against the Builder or the Owner or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, any prohibition or restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding involving the Lessee, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause the Units to be delivered to the Lessee at the point within the United States of America at which the Units are delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to determine that the same has been delivered in good order and, if such Unit is found to be in good order and has been inspected and approved by an authorized representative of the Lessee at the Builder's plant, to accept delivery of such Unit, and the Lessee shall execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") in the form set forth in Exhibit A hereto in accordance with the provisions of Article 3 of the CSA, stating that such Unit has

been inspected and accepted on behalf of the Lessee and the Lessor on the date set forth in such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit, one interim and 36 consecutive semiannual payments in advance. The interim payment is payable on January 2, 1981 (such date being hereinafter called the Basic Rent Commencement Date). The 36 semiannual payments are payable on January 2 and July 2 of each year, commencing on January 2, 1981, to and including July 2, 1998, (each of such 36 consecutive dates being hereinafter called a Rental Payment Date). The interim rental payable on the Basic Rent Commencement Date for each Unit shall be in an amount equal to the product of (a) the number of calendar days elapsed from and including the Closing Date (as defined in the CSA) for such Unit to, but not including, the Basic Rent Commencement Date, times (b) .0306208% of the Purchase Price (as defined in the CSA) of such Unit. The 36 semiannual rental payments shall each be in an amount equal to the Semi-Annual Lease Factor (as hereinafter defined) of the Purchase Price of each Unit then subject to this Lease. As used herein, the term "Semi-Annual Lease Factor" means (a) with respect to each of the first 18 semiannual rental payments 5.588300% and (b) with respect to the last 18 semiannual rental payments, 6.830144% of the Purchase Price of each Unit then subject to this Lease. Such percentages may be adjusted pursuant to § 16 hereof.

Notwithstanding anything to the contrary set forth herein, the rentals and Casualty Values set forth in Schedule 2 hereto, shall at all times be sufficient to satisfy the obligation of the Lessor under the CSA.

If any rental payment date referred to above is not a business day the rental otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Salt Lake City, Utah, Baltimore, Maryland, or New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee as long as any of the CSA Indebtedness (as defined in the CSA) is outstanding, to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this § 3 and in § 7 hereof, to the Vendor (or as the Vendor may otherwise specify in writing to the Lessee), at the address and by the method specified in the Consent and Agreement, dated as of the date hereof, attached to the Lease Assignment (the "Consent"), for the account of the Lessor in care of the Vendor, with instructions to the Vendor first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA would constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing; provided, however, that, so long as and only so long as no default in payment by the Lessee of any amount provided for in the first three sentences of the first paragraph of this § 3 or in the second, thirteenth or fourteenth paragraph of § 7 hereof, shall have occurred and be continuing, the Lessee shall make all payments provided for in §§ 6, 9 and 16 hereof directly to the person entitled to receive them, as provided in the Lease Assignment. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or the Lessor, as the case may be, by 11:00 a.m., Baltimore time, on the date such payment is due. From and after the date of payment in full of all obligations of the Lessor under the CSA, all such payments shall be made directly to the Lessor.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10, 13 and 14 hereof, shall expire on January 2, 1999. The obligations of the Lessee under §§ 6, 7, 9, 14 and 16 hereof shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights and remedies of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein; provided, however, that, so long as (i) no Event of Default

exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Payments (as defined in the Lease Assignment) are being made to and applied by the Vendor in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession and use provided under § 12 hereof.

§ 5. Identification Marks. The Lessee (at its own expense) will cause each Unit to be kept numbered with the road number set forth in Schedule 1 hereto or, in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, and that no other filing, deposit or giving of notice with any Federal, state or local government or agency thereof is necessary to protect the rights of the Vendor and the Lessor in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. 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) for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax payable by the Lessor and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax, and other than the aggregate of all state or local taxes measured by net income and value added taxes in lieu of such net income taxes, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the CSA, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as such imposition remains unpaid and Lessee is contesting in its own name and in good faith and by appropriate legal or administrative proceedings such impositions, or the Lessor is required to contest such impositions as provided in this § 6, and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Lessor or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of any such contest brought in the Lessee's name prior to or within 30 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall pay the Lessor on presentation of an invoice

therefor if the Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Lessor) or the Lessee shall have approved the payment thereof, and the Lessor agrees to give the Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees to take such other action as may reasonably be requested by the Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such imposition, as hereinafter provided in this § 6.

In the event that the Lessor shall become obligated to make any payment to the Builder or the Vendor or otherwise pursuant to Article 6 of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor to fulfill completely the Lessor's obligations pursuant to said provision; provided, however, that the Lessee shall not thereby become obligated to make any payment on behalf of the Lessor or any other person of the type it is not obligated to make to the Lessor by reason of the exceptions set forth in the first sentence of this § 6.

In the event any returns, statements or reports with respect to impositions involving any Unit are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor and the Vendor in such Units and as shall be satisfactory to them or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to them within a reasonable period of time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

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

In the event the Lessee may be prohibited by law or is impaired from contesting in its own name any imposition covered by this § 6 in respect of which the Lessee would otherwise be required to make payments to the Lessor pursuant hereto, the Lessor shall, upon request and at the expense of the Lessee, take all legal and other appropriate action rea-

sonably requested by the Lessee to contest such imposition. The Lessor shall not be obligated to take any such action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein. The Lessee shall indemnify and hold the Lessor (in both its individual and fiduciary capacities) and the Owner harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred as a result of, or incident to, any action taken by the Lessor or Lessee under this § 6. The Lessee shall be entitled to any refund (plus interest, if any) received by the Lessor or the Lessee in respect of any imposition paid by the Lessee, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances with respect to, or furnish other evidence satisfactory to the Lessor of, the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions, including, but not limited to, data as to any use of any Unit outside the United States of America.

The amount which the Lessee shall be required to pay with respect to any imposition which is subject to indemnification under this § 6 shall be an amount sufficient to restore the Lessor to the same net after-tax rate of return and after-tax cash position, after considering the effect of such payment and such imposition on its United States Federal income taxes and state and local income taxes or franchise taxes based on net income, that the Lessor would have had or been in had such imposition not been imposed.

§ 7. Maintenance; Casualty Occurrences; Termination; Insurance. The Lessee agrees that, at the Lessee's own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep all of the Units which are subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for interchange service under the applicable rules of the American Association of Railroads (or any of its successors).

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the CSA or for an indefinite period, but only when such indefinite period shall have exceeded the term of the CSA, or by any political subdivision of the United States of America or any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor in lieu of the rental payment or payments in respect of such Unit due and payable on such date an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit and the Lessee shall pay all costs of removal of such Unit and of freight to the place designated pursuant to § 14 hereof.

The Casualty Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule 2 hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease at the expiration of the term hereof and before the end of the storage period provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be 25% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby irrevocably appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occur-

rence or any component thereof, at the best price obtainable on an "as is, where is" basis, such disposition and all expenses related thereto to be at Lessee's cost and expense. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

In the event of the requisition for use (which is not a Casualty Occurrence) by the United States Government or by any political subdivision of the United States of America or by any other governmental entity (hereinafter called the "Government") of any Unit during the term of this Lease or any renewal thereof, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or § 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease, but the Lessee shall in all other respects comply with the provisions of said § 11 or § 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall, at its sole expense, obtain and maintain in full force and effect from the time any Unit is accepted by the Lessee and throughout the term of this Lease and during any storage period as provided in §§ 11 or 14 hereof, on each Unit from time to time subject hereto, with such insurers as are reasonably satisfactory to the Lessor

and the Vendor (i) property insurance in respect of the Units and (ii) public liability and property damage insurance covering liability for personal injuries, death or property damage resulting from the ownership, maintenance, use or operation of the Units; provided, however, that in the case of property insurance, the Lessee, at its option, may self-insure the Units to the extent it typically self-insures similar equipment and to the extent such self-insurance, including any program of risk assumption, is consistent with prudent industry practice. The Lessee will continue to carry such insurance against such risks on such terms and conditions as are satisfactory to the Lessor and the Vendor, and, in any event, not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it, but in no event shall such coverage be for amounts against risks less than the prudent industry standard. All insurance policies required hereby shall, without limitation of the foregoing, (i) require 30 days' prior written notice of cancelation or material change in coverage to the Lessor, the Owner and the Vendor and (ii) name the Lessor (in both its individual and fiduciary capacities), the Owner and the Vendor as loss payees as their respective interests may appear, in the case of property insurance, and as additional named insureds, in the case of liability insurance, and (iii) shall provide that in respect of the interests of the Lessor, the Owner and the Vendor in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor and the Vendor). The Lessee shall furnish to the Lessor prior to the acceptance date of any Unit and upon request throughout the term of this Lease evidence of insurance satisfactory to the Lessor and the Vendor showing the existence of the insurance required hereunder. The property insurance referred to in this § 7 may be written with such deductible amounts as the Lessee deems appropriate but not in excess of deductible amounts applicable to property insurance carried by the Lessee on other railroad rolling stock owned or operated by the Lessee and, in any event, only to the extent such deductible amounts are consistent with prudent industry practice.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Vendor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the

Lessee shall, upon demand, reimburse the Lessor and the Vendor for all reasonable expenditures made by the Lessor or the Vendor for such insurance, together with interest thereon computed at the maximum rate of interest permitted by law, but not more than 18% per annum, from the date of the Vendor's or the Lessor's payment until reimbursed by the Lessee.

If the Lessor shall receive any insurance proceeds (other than on policies for which the Lessor has paid premiums) or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to such Unit having suffered a Casualty Occurrence and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor from the Lessee's insurance coverage in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired and so long as no Event of Default (as defined in § 10 hereof) is continuing under this Lease.

§ 8. Reports and Inspections. On or before April 30 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor, the Owner and the Vendor (a) an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the CSA have been preserved or replaced and (iii) setting forth a description of the insurance in effect with respect to the Units pursuant to § 7 hereof, and (b) a certification of insurance coverage from the Lessee's independent broker stating the amounts, including deductible amounts, of such insurance in effect. The Lessor, at its

sole cost and expense, shall have the right, by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor shall request and as may be reasonably necessary to confirm to the Lessor the existence and proper maintenance of the Units during the continuance of this Lease. The Lessee shall promptly notify the Lessor and the Vendor of any material changes or any material proposed changes of which the Lessee has knowledge in its insurance coverage in effect with respect to the Units pursuant to § 7 hereof.

The Lessee shall furnish to the Lessor the reports required to be furnished pursuant to Paragraph 9 of the Participation Agreement.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR AS TO THE LESSEE'S RIGHT TO QUIET ENJOYMENT THEREOF (EXCEPT AS TO ACTS OF THE LESSOR), OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 13 of the CSA or of Annex A of the CSA or any other claims the Lessor may have against the Builder or others relating to the quality or performance of any Unit, any of its components or its design or construction, whether such claims be based in contract (including breach of warranty) or tort; 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 Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units and with all applicable interchange rules of the Association of American Railroads (or any of its successors), to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the CSA. The Lessee, at its own cost and expense, may furnish other additions, modifications and improvements to the Units during the term of this Lease. Any additions, modifications and improvements made by the Lessee which are readily removable without causing material damage to the Units shall be owned by the Lessee and may be removed by the Lessee at any time during the term of this Lease or any renewal hereof and prior to the return of such Units to the Lessor pursuant to § 11 or § 14 hereof, except additions, modifications and improvements required to maintain each Unit's eligibility for interchange

service under the rules of the Association of American Railroads (or any of its successors) or to comply with the provisions of the first paragraph of § 7 or the first sentence of this paragraph. Any additions, modifications and improvements made to any Unit by the Lessee which are not readily removable without causing material damage to such Unit, (i) the cost of which is included in the Purchase Price of such Unit or (ii) which are made in the course of ordinary maintenance of the Units or (iii) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Lessor. The Lessee shall not make any additions, modifications or improvements to any Unit which are not readily removable without causing material damage to such Units except as provided in the next preceding sentence.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary capacities), the Owner and the Vendor from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability in tort and claims in which negligence, whether active or passive, or breach of warranty or contract of such indemnified party is alleged) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the CSA, the Participation Agreement, this Lease or any sublease entered into pursuant to § 12 hereof, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease, or the transfer of title to the Units by the Vendor pursuant to any provision of the CSA. The indemnities arising under this paragraph shall continue in full force and effect with respect to all events, facts, conditions or other circumstances occurring or existing prior to the expiration

or termination of the term of this Lease and return of the Units as provided in § 11 or § 14 of this Lease, notwithstanding such expiration, termination and return; provided, however, that the foregoing indemnification shall not apply to any failure of payment of the principal of or interest on the CSA Indebtedness and shall not be deemed to operate as a guarantee of the residual value of any Unit. The amount the Lessee shall be required to pay with respect to any of its obligations under this paragraph shall include a payment to the indemnified party sufficient to restore such party to the same position, after considering the effect of such payment on its United States Federal income taxes and state and local income taxes or franchise taxes based on net income, that the indemnified party would have been in had the liability or expense indemnified against not been incurred.

The Lessee further agrees to indemnify, protect and hold harmless the Vendor and the Builder as third-party beneficiaries hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor or the Builder because of the use in or about the construction or operation of any of the Units of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee as a result of which liability may be charged against the Builder under the CSA.

Except as provided in § 7 hereof, the Lessee shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of any or all of the Units.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns, except as provided in § 6 hereof) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership of the Units by the Lessor or the interest of the Vendor therein or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (an "Event of Default") shall occur and be continuing:

(a) default shall be made in payment of any amount provided for in § 3, 7 or 13 hereof and such default shall continue for five business days, or default shall be made in payment of any other amount provided for in this Lease and such default shall continue for 10 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof and shall fail or refuse to cause such assignment or transfer to be canceled and to recover possession of such Units within 15 days after written notice from the Lessor or the Vendor to the Lessee demanding the same;

(c) any of the representations and warranties of the Lessee contained in the Participation Agreement shall be or have been incorrect in any material respect as of the date when made and continue to be incorrect, or default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement or in the Consent, in either case continuing for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(d) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition 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 and the Consent shall not have been and shall not continue to be duly assumed in writing within 60 days after such petition shall have been filed, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees;

(e) any proceeding 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 under this Lease, the Participation Agreement or the Consent, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of 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, the Participation Agreement and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

(f) an event of default under any mortgage, indenture of trust or other agreement evidencing indebtedness of the Lessee for borrowed money shall have occurred and be continuing, which event of default shall have caused any acceleration of the payment of any indebtedness of the Lessee for borrowed money (which payment is determined to be material in the reasonable opinion of the Vendor) and such acceleration (i) has not been waived by the obligee under such agreement or cured pursuant to the terms thereof within 60 days after the declaration of such acceleration and (ii) is not being contested in good faith by the Lessee in the reasonable opinion of the Vendor;

then, in any such case, the Lessor, at its option, may:

(x) 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; or

(y) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall terminate as though this Lease had never been made, but the Lessee shall remain liable under this Lease to the extent that this Lease provides

that the obligations of the Lessee under this Lease shall survive a termination or expiration thereof; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, sell, operate, lease to others and enjoy the same free from any right of the Lessee to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee 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: (a) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 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 (b) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time after deduction of all reasonably estimated expenses and costs in connection with such sale; provided, however, that, in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (a) and (b) of this paragraph (y) with respect to such Unit, shall have a right to recover from the Lessee, and the Lessee shall pay to the Lessor, in addition to any amount payable to the Lessor by the Lessee pursuant to §§ 6, 9 and 16 hereof, 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 for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale (after deduction of all reasonable expenses and costs in connection with such sale).

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due under this Lease before, during or after the exercise of any of the foregoing remedies and shall be liable for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives (i) any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law and (ii) any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf. The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the events set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such events or similar events.

The Lessee covenants to furnish the Lessor and the Vendor, 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 paragraph, a "responsible officer" shall mean, with respect to the subject matter of any covenants, 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.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessor may, upon

such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Lessor, take, or cause to be taken by its agent or agents, immediate possession of each of the Units, and may remove the same from possession and use of the Lessee or any other person and for such purpose may enter upon the premises of the Lessee or any other premises where the Units may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities of the Lessee, subject to all mandatory requirements of due process of law.

If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, the standard for ordinary wear and tear to be that wear and tear which would have been suffered by units of the same type which had carried at all times, and over the same period of time, commodities of the kind ordinarily carried in units of such type by common carriers. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease,

and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store, insure and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination 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 Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day after such termination to the date of delivery of such Unit to the Lessor an amount equal to the amount, if any, by which (x) the product of (i) a fraction the numerator of which is 14-3/4% and the denominator of which is 360, and (ii) the Purchase Price of such Unit exceeds (y) the actual earnings received by the Lessor with respect to such Unit for each such day; such payment shall not affect the obligation of the Lessee to redeliver the Units pursuant to the first sentence of this paragraph.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use; Discharge of Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9, 10 and 16 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns.

So long as the conditions specified in the proviso to the last paragraph of § 4 hereof are satisfied, the Lessee shall be entitled to the possession, quiet enjoyment and use

of the Units. The Lessee agrees to use the Units solely within the United States of America except that the Lessee may use the Units in Canada if but only if (a)(i) the use of such Units in Canada does not involve the regular operation or maintenance thereof outside the United States within the meaning of Section 48(a)(2) of the Internal Revenue Code of 1954, as amended, and (ii) not more than an aggregate of 5% of the Units subject to this Lease and the Other Documents are located outside of the United States of America at any one point in time. The Lessee may not, except with the Lessor's and the Vendor's prior written consent, which shall not be unreasonably withheld, (a) sublease any of the Units to any sublessee other than a sublessee incorporated in the United States of America (or any state thereof or the District of Columbia), (b) sublease any of the Units to any sublessee for a term or terms that aggregate more than 10 months in any one year or (c) permit any of the Units to be used by any other person, except for usage thereof in normal interchange service, any such usage to be subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the continental United States of America and that the Units shall be used primarily for transporting petroleum coke; provided further, however, that, subject to the provisions of the second sentence of this paragraph, the Lessee may assign or permit the assignment of any Unit to occasional service between the United States of America and Canada. Notwithstanding the immediately preceding proviso, the Lessee shall not sublease the Units to, or permit their use by, any person in whose hands such Units would not qualify as "Section 38" property within the meaning of the Code. Except as set forth in the last paragraph of this § 12, the Lessee may not assign this Lease to any other person. No sublease or usage permitted by the foregoing shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Vendor under the CSA and the Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder and no such sublease shall relieve the Lessee of its obligations to the Lessor under this Lease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor or the Vendor not related to the ownership or leasing of, or the security title of the Vendor to, the Units) which may at any time be imposed on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein; except that this covenant will not be breached by reason of levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent; and, furthermore, the Lessee shall be under no obligation to discharge any such lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the failure to discharge the same does not, in the opinions of the Lessor and the Vendor, adversely affect the title, property or rights of the Lessor hereunder or the Vendor under the CSA.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in all but not less than all the Units or possession of all but not less than all the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety or, with the prior written consent of the Lessor and the Vendor, property of the Lessee related to the operation of the Units or a portion thereof; provided, however, that (i) such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease and will have a consolidated net worth determined in accordance with generally accepted accounting principles not less than that of the Lessee immediately prior to such transaction and (ii) in the case of any such acquisition of less than all or substantially all the property of the Lessee, such acquisition shall not alter in any way the Lessee's obligation to the Lessor and the Vendor hereunder which shall be and remain those of a principal and not a surety.

§ 13. Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease, elect to extend such original term of this Lease in respect of any of the Units then subject to this Lease for an additional five-year period commencing on the scheduled expiration of such original term of this Lease. The rental payable with respect to the extended term shall be a "Fair Market Rental". Rentals under the extended term shall be payable, in advance, in semiannual payments on the days of the month on which such rentals were payable for the Units in each year of the original term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 40 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be

appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraiser proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby covenants and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Lessor elects to sell any Units to third parties at the expiration of the original or the extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of such term. In the event that the Lessor shall receive, within one year after the end of such original or extended term of the Lease, a bona fide offer in writing from another party unrelated to the Lessee to purchase the Units and the Lessor elects to sell the Units pursuant to such offer at the expiration of such original or extended term of this Lease, the Lessor shall give written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party in writing to the Lessor. The Lessee shall have the sole right and option to purchase the Units under the terms and conditions of payment offered by the other party, as hereinafter provided. Within 10 business days of receipt of notice from the Lessor, the Lessee shall exercise such purchase right by delivery to the Lessor of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Lessor, or (ii) one year after the expiration of such original or extended term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase.

§ 14. Return of Units upon Expiration of Lease Term. Upon the expiration of the original term or an extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee (at not more than three locations) as the Lessee may reasonably designate, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any purchaser, lessee or user thereof, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, the standard for ordinary wear and tear to be that wear and tear which would have been suffered by units of the same type which had carried at all times, and over the same period of time, commodities of the kind ordinarily carried in units of such type by common carriers and shall meet all operating standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction provided that the Lessee shall not be required to make any additions, modifications and improvements which would not be required of the Lessee if the Lessee continued to operate the Units. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination 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 Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which (x) the product of (i) a fraction the numerator of which is 14-3/4% and the denominator of which is 360, and (ii) the Purchase Price of such Unit exceeds (y) the actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee will cause this Lease, the CSA and any assignment hereof or thereof to be filed with the Interstate Commerce Commission in accordance with 49

U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective rights in the Units, or for the purpose of carrying out the intention of this Lease, the CSA and the assignments hereof and thereof to the Vendor.

The Lessee will promptly furnish to the Vendor and the Lessor evidence of every such filing, registering, depositing, recording and other acts which may be required under this § 15, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the CSA and the assignments hereof and thereof shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Income Taxes. (a) Loss of Assumed Tax Benefits. If, for any reason whatsoever, subject to paragraph (b) of this § 16:

(i) the Owner is not allowed the benefit of current deductions for depreciation, commencing with the 1980 calendar year on any one or more of the Units placed under this Lease in such year under Section 167(a) of the Code (x) computed pursuant to any method of depreciation authorized by Section 167(b)(2) or (3) of the Code and pursuant to the asset depreciation range system of Section 167(m) of the Code and Section 1.167(a)-11 of the income tax regulations, (y) computed on the basis (A) of a net salvage value of zero, (B) that the basis of such Unit or Units under Section 167(g) of the Code is not less than the Purchase Price with respect to such Unit or Units, and (C) that such Unit or Units have an asset depreciation period of 12 years, and (z) determined on the basis of the "half-year convention" of Section 1.167(a)-11(c)(2)(iii) of the income tax regulations; or

(ii) the Owner is not allowed the benefit of current deductions under Section 163 of the Code for interest payable under the CSA; or

(iii) any deductions for depreciation with respect to any one or more of the Units are recaptured in whole or in part pursuant to Section 1245 of the Code or any successor provision or provisions thereto; or

(iv) any amount includible in the gross income of the Owner with respect to any one or more of the Units or any deduction allowable to the Owner with respect to such Unit or Units or with respect to any interest payable under the CSA shall be treated as derived from, or allocable to, sources outside the United States; or

(v) any amount is included, at any time prior to the end of the term of this Lease in the gross income of the Owner as a result of any repair, improvement, alteration, modification or addition (including replacement of parts) to such Unit or Units made by the Lessee (herein called a "Capital Expenditure");

(any such failure to allow, such recapture, such treatment of income or deductions as derived from or allocable to sources without the United States, or such inclusion in gross income as a result of a Capital Expenditure being herein called a "Loss"), then, subject to paragraph (b) of this § 16, the Lessee shall pay to the Owner as an indemnity the amount set forth in paragraph (d) of this § 16 at the time or times set forth therein.

(b) Excluded Events. The Lessee shall not be required, however, to indemnify the Owner with respect to any Loss that results solely and directly from:

(i) a Casualty Occurrence, if the Lessee has made all payments with respect thereto that are required to be made pursuant to § 7 hereof;

(ii) a voluntary disposition by the Owner of its interest in any Unit or Units, if such disposition (x) shall be the direct cause of such Loss with respect to such Unit or Units, (y) shall occur at a time while no Event of Default (and no event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, and (z) shall not be pursuant to the written consent of the Lessee;

(iii) the failure of the Owner to claim in a timely and proper manner on its income tax returns for the appropriate years any deductions contemplated by paragraph (a) of this § 16, unless the Owner shall have been advised by independent tax counsel selected by the Owner and approved by the Lessee (which approval shall not be unreasonably withheld), that there is no reasonable basis for claiming any such deduction;

(iv) the failure of the Owner to have sufficient income to benefit from such depreciation or interest deductions;

(v) the failure of the Owner to take timely action in contesting a claim made by the Internal Revenue Service, but only if such action is required by the terms of paragraph (c) of this § 16;

(vi) any amendment to, or change in, the Code, the income tax regulations thereunder or published administrative interpretations of the Code or such regulations, which change or amendment is not enacted or adopted on or prior to May 31, 1980; or

(vii) any act, or failure to act, at any time, by the Owner or any of its officers, employees or agents, which is inconsistent with the Owner's obligations under the Documents, except at a time when an Event of Default (or an event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing.

(c) Proceedings. If at the conclusion of any audit the Lessor receives a preliminary or "30 day" letter from the Internal Revenue Service proposing an adjustment in any item that, if agreed to by the Owner, would result in a Loss with respect to which the Lessee would be required to indemnify the Owner pursuant to this § 16, the Owner shall promptly notify the Lessee of such proposed adjustment and shall furnish to the Lessee a statement describing such Loss in reasonable detail. If requested to do so by the Lessee, within 20 days after receipt of such statement, the Owner shall promptly request from independent tax counsel as may be selected by the Owner and approved by the Lessee (the "Special Tax Counsel"), their opinion as to whether there is a meritorious basis for contesting such proposed adjustment. If the opinion is to the effect that there is a meritorious

basis for contesting such proposed adjustment, the Owner shall contest such proposed adjustment beyond the level of the Internal Revenue Service auditing agent by such administrative proceedings, if any, as may be determined by the Owner in its sole discretion. Upon the conclusion of such administrative proceedings, if any, the Owner shall promptly notify the Lessee of the final adjustment proposed by the Internal Revenue Service and, if the Owner receives within 30 days after such notice a written request to do so from the Lessee, the Owner shall contest such final adjustment in a court of competent jurisdiction. If the Lessee requests the Owner to appeal the decision of such a court or of any intermediate appellate court, the Owner shall promptly request from Special Tax Counsel their opinion as to whether there is a meritorious basis for appealing such decision. If the opinion is to the effect that there is a meritorious basis for appealing such decision, the Owner shall appeal such decision. The Owner, in its sole discretion, shall determine the initial and any appellate court and shall determine whether the proceedings shall be for redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or for refund of taxes paid based on such deficiency. The Owner shall not be required to take any action as set forth in this paragraph (c) unless and until the Lessee shall have agreed to indemnify the Owner in a manner satisfactory to it for any Loss that results from an adverse determination with respect to the proposed adjustment and shall have agreed to pay to the Owner on demand all reasonable out-of-pocket costs and expenses, including without limitation attorneys' fees and expenses incurred by it in connection with the taking of such action. If the Owner elects to pay taxes based on a proposed deficiency and sue for a refund thereof, and if the proposed deficiency would be a Loss with respect to which the Lessee would be required to indemnify the Owner, then the Lessee shall pay to the Owner on demand the amount of such taxes and interest thereon which the Owner shall have paid, and if the Owner subsequently receives a refund of all or any part of such taxes and interest, it shall promptly pay to the Lessee the amount of such refunded taxes and interest plus the amount of any interest received by the Lessor from the United States Government with respect to such refunded taxes and interest. Notwithstanding anything to the contrary contained in this paragraph (c), the Owner may at any time, whether before or after commencing to take any action with respect to a proposed adjustment, decline to take any further action with respect thereto, provided that, if the Lessee has

properly requested such action pursuant to this paragraph (c), the Owner notifies the Lessee that it waives its right to any indemnity with respect to any Loss that will result from acceptance of such proposed adjustment.

(d) Amount and Time of Payment of Indemnity. the amount of indemnity payable by the Lessee pursuant to this § 16 with respect to a Loss shall be such amount as will result, if the Owner's reasonable judgment, in preserving for the Owner both the after-tax rate of return and the after-tax cash flow that would have been realized by the Owner if such Loss had not occurred, based on the rates of Federal, state and local taxes on, based on, or measured by, net income in effect from time to time. The amount of such payment of indemnity shall reflect (A) the amount of interest, additions to tax and penalties payable by the Lessor with respect to such Loss, (B) the amount of Federal, state and local taxes on, based on, or measured by, net income (at the rates in effect from time to time), interest, additions to tax and penalties incurred by the Owner as a result of the receipt of such indemnity payment, and (C) any amount paid by the Lessee to the Owner pursuant to the next-to-last sentence of paragraph (c) of this § 16 which has not been repaid by the Owner to the Lessee pursuant to such sentence. The Owner shall furnish the Lessee with a notice setting forth in reasonable detail the computations and methods used in computing such amount of indemnity.

In determining the amount of indemnity payable by the Lessee pursuant to this § 16 with respect to a Loss which results from a Capital Expenditure, there shall be taken into account any investment credits and depreciation deductions to which the Owner is or expects to be entitled with respect to such Capital Expenditure in the year in which the Capital Expenditure is made and in subsequent years, but if any such investment credits or depreciation deductions are subsequently disallowed, recaptured or treated as derived from or allocable to sources outside the United States, such disallowance, recapture or allocation shall be treated as a Loss described in clause (i), (iii) or (iv) of paragraph (a) of this § 16, as the case may be.

The Lessee's obligation to pay any indemnity payable pursuant to this § 16 with respect to a Loss shall become unconditional (1) in the case of a Loss that is required to be reflected on a tax return of the Owner, 30 days after the date such tax return is filed; (2) in

the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is not contested pursuant to paragraph (c) of this § 16, 30 days after the Lessee's receipt of the statement referred to in the first sentence of paragraph (c) of this § 16; and (3) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is contested pursuant to paragraph (c) of this § 16, 30 days after the day on which such contest is finally concluded.

The Lessee shall pay to the Owner a lump sum indemnity at the time its obligation to pay indemnity pursuant to this § 16 becomes unconditional with respect to any Loss if the Lessee's obligation to pay indemnity pursuant to this § 16 becomes unconditional on or after the termination of this Lease. Any other indemnity payable pursuant to this § 16 shall be structured as level future rent increases, and the Lessee shall commence payment of such increased rent on the first rental payment date after Lessee's obligation to pay indemnity pursuant to this § 16 becomes unconditional. The amount of rental resulting from any one Loss shall be adjusted from time to time for each change in the Code and the income tax regulations (including, without limitation, tax rates) which affects the Owner's net after-tax rate of return and after-tax cash flow.

In the event that indemnity payments are made by the Lessee with respect to a Loss described in clause (iv) of paragraph (a) of this § 16, the Owner shall pay to the Lessee an amount equal to the aggregate net reduction in Federal income taxes, if any, realized by the Owner during any taxable year subsequent to the year of such Loss resulting from an increase in its foreign tax credit allowable for such year, which is attributable solely to the Owner's realizing foreign source taxable income for such year in connection with the transaction described in this Lease and related documents; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments with respect to a Loss described in clause (iv) of paragraph (a) of this § 16 by the Lessee to the Owner, less (y) the amount of all prior payments by the Owner to the Lessee pursuant to this paragraph with respect to such Loss; and provided further, that any decrease (which is attributable solely to the Owner's realizing foreign source

tax losses in connection with the transaction described in the Lease and related documents) in such foreign tax credit allowable for such year resulting from an audit of the Owner's tax return for such year, or from a foreign tax credit carryback from a subsequent year, shall be treated as a Loss described in clause (iv) of paragraph (a) of this § 16.

(e) Adjustment of Casualty and Termination Values. In the event that the Lessee shall be required to indemnify the Owner pursuant to this § 16 with respect to a Loss relating to a Unit or Units, the Casualty Value of such Unit or Units shall be appropriately reduced to reflect the reduction, if any, in taxes that will be payable by the Owner with respect to such Unit or Units upon a Casualty Occurrence with respect thereto; provided, however, that such Casualty Value shall not be reduced below the amounts required to satisfy the obligations of the Lessor under the CSA.

(f) Survivals of Indemnities. All of the Owner's right and privileges arising from the indemnities contained in this § 16 shall survive the expiration or other termination of this Lease with respect to any or all Units and such indemnities are expressly made for the benefit of, and shall be enforceable by the Owner, his personal representative, heirs, executors, administrators, successors and assigns.

(g) Payments of Indemnity. All payments of indemnity made pursuant to this § 16, whether payable in a lump sum or in the form of increases in future rental payments, shall be made by the Lessee directly to the Owner by transfer of immediately available funds as the Owner shall specify at such time by notice in writing to the Lessee.

(h) Pass-through to Lessee of Investment Credit. The Owner and the Lessee agree that the Owner will, in accordance with Section 48(d) of the Code and the regulations thereunder, execute and file with the Lessee an election to treat the Lessee as having acquired the Units for purposes of the investment credit provided by Section 38 and related sections of the Code so that the Lessee may receive the benefit of such credit to the extent it is available in respect of "new section 38 property" as defined in Section 48(b) of the Code; provided, however, that the Owner shall not be in any way responsible for the Lessee's failure to obtain the benefits of such investment credit and the Lessee shall be solely responsible for the preparation and filing

of all documents necessary to effect such election and shall timely furnish the Owner with all documents required to be signed and filed by the Owner in respect of the proper making of such election and shall specify in its letter transmitting the election documents to the Lessor the date on which such election is required to be made.

(i) Records and Statements. Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time during the term of this Lease or any extended term thereof take any action or fail to take any action or file any returns, certificates or other documents inconsistent with the contemplated tax benefits set forth in subsection (a) of this § 16 except that each of such corporations may take such action as they may deem necessary in consequence of, and file returns in connection with the occasional use of the Equipment outside the United States, and that each of such corporations will file such returns, take such action and execute such documents, and keep and upon receipt of 30 days' written notice from the Owner make available for inspection and copying by such party such records (other than the Lessee's corporate income tax returns) as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

§ 17. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, interest at a rate per annum equal to 15-3/4% on the overdue rentals and other obligations for the period of time during which they are overdue (without reference to any grace periods provided for in § 10 hereof) or such lesser amount as may be legally enforceable.

§ 18. Notices. Any notice (or report pursuant to § 8 hereof) required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Corporate Trust Department, with a copy to GATX Leasing Corporation at such address as it shall have furnished for such purpose; and

(b) if to the Lessee, at 299 Park Avenue, New York, N. Y. 10017, Attention of Vice President and Treasurer,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor at P. O. Box 2258, Two Hopkins Plaza, Baltimore, Maryland 21203, Attention of Corporate Trust Department.

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

Except for the Participation Agreement and the Trust Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee and, so long as the CSA Indebtedness or any other obligation of the Lessor under the CSA remains outstanding and if such variation, modification or waiver shall materially affect the interests of the Vendor, approved by the Vendor.

§ 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the assignment hereof to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 22. Definitions. Whenever the term "Lessor" is used in this Lease, it shall also include the Owner and

any assignee of the Owner and, where the context so requires (including but not limited to certain of the provisions of § 6 hereof), shall, except for purposes of any assignment of the "Lessor's" rights under this Lease, refer only to the Owner or such assignee of the Owner.

§ 23. Concerning the Lessor. Each and all of the warranties, 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, National Association, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for wilful misconduct or gross negligence, or against the Owner under the Trust Agreement (except under the last paragraph of Section 5.01 thereof) or on account of any representation, undertaking or agreement herein of the Lessor or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

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

GREAT LAKES CARBON CORPORATION,

by

_____
President

[Corporate Seal]

Attest:

_____
Secretary

FIRST SECURITY BANK OF UTAH,
National Association,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

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

On this day of June 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of GREAT LAKES CARBON CORPORATION, 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

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of June 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, National Association, that the seal affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE*

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price*	Total Base Price	Road Numbers (Inclusive)	Place and Assumed Time of Delivery
Trinity Industries Inc.	100-ton Covered Hopper	L153	HC3-47-1	Dallas, Texas	230	$44,500	$10,235,000	GLCX 8000-8229	June 1980 F.O.B. Builder's Plant

* Notwithstanding anything herein to the contrary, the Lease will cover only those units of Equipment delivered to and accepted by the Lessor on or before June 30, 1980, and in no event more than 115 Units of Equipment under the CSA. After delivery of all units of Equipment pursuant to the CSA, this Schedule A will be amended to describe only those covered by the Lease.

SCHEDULE 2 TO LEASE
CASUALTY VALUES

Payment Date	Percentage of Purchase Price
1/2/81	110.655%
7/2/81	115.712
1/2/82	120.339
7/2/82	124.502
1/2/83	127.817
7/2/83	130.437
1/2/84	132.224
7/2/84	133.317
1/2/85	133.601
7/2/85	133.211
1/2/86	132.356
7/2/86	131.291
1/2/87	130.004
7/2/87	128.521
1/2/88	126.836
7/2/88	124.968
1/2/89	122.916
7/2/89	120.696
1/2/90	118.312
7/2/90	114.459
1/2/91	110.420
7/2/91	106.189
1/2/92	101.812
7/2/92	97.278
1/2/93	92.620
7/2/93	87.814
1/2/94	82.891
7/2/94	77.816
1/2/95	72.613
7/2/95	67.245
1/2/96	61.740
7/2/96	56.055
1/2/97	50.220
7/2/97	44.190
1/2/98	38.029
7/2/98	31.838
7/2/99 and thereafter	25.000

EXHIBIT A

Certificate of Acceptance

To: FIRST SECURITY BANK OF UTAH,
National Association
79 South Main Street
Salt Lake City, Utah

Attention of Corporate Trust Department

I, the duly authorized representative for the Lessor and Great Lakes Carbon Corporation (the "Lessee") under the Conditional Sale Agreement and the Lease of Railroad Equipment, both dated as of May 15, 1980, respectively, do hereby certify that I inspected and accepted delivery thereunder of the following Units of Equipment:

TYPE OF EQUIPMENT:
MODEL:
DATE ACCEPTED:
NUMBER OF UNITS:
NUMBERED:
MANUFACTURER'S SERIAL NOS:

I do further certify that the foregoing Units are in good order and condition, and appear to conform to the specifications, requirements and standards applicable thereto as provided in Article 2 of the aforesaid Conditional Sale Agreement.

I do further certify that each of the foregoing Units has been marked by means of a stencil printed in contrasting colors upon each side of each such Unit in letters not less than one inch in height as follows:

"Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission."

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

_____
Authorized Representative of
Lessor and Lessee

BUILDER:

Trinity Industries, Inc.

ANNEX D
TO
CONDITIONAL SALE AGREEMENT

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 15, 1980 (this "Assignment"), by and between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION (hereinafter called the "Lessor" or the "Vendee"), under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with George S. Eccles (the "Owner"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Trinity Industries, Inc. (the "Builder"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in Annex B thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and Great Lakes Carbon Corporation (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in the CSA), the Lessor agrees to assign for security purposes, to the extent herein provided, its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the CSA, all the Lessor's right, title and

interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee or otherwise under or pursuant to the provisions of the Lease, whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys so assigned being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under and with respect to the Lease; provided, however, that the term Payments as used herein shall not be deemed to include amounts payable by the Lessee to the Lessor or the Owner as indemnification pursuant to § 6, 9 or 16 of the Lease except to the extent such indemnification under § 6 or 9 is required to be paid to the Builder or the Vendor pursuant to Article 6 or 13 of the CSA. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as attorney for the Lessor to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA, and, so long as no event of default shall have occurred and be continuing under the CSA, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by transfer of immediately available funds to the Lessor at 79 South Main Street, Salt Lake City, Utah 84111, attention of Connie Eichers, and such balance shall be retained by the Lessor. The Vendor shall notify the Lessor at its address set forth in the Lease if the Vendor shall not receive any payment in respect of rental under § 3 of the Lease when due; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA.

2. This Assignment is executed only as security and shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify, the liability of the Lessor under the Lease, it being agreed that notwithstanding this Assignment all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive or in any manner release the Lessee of or from the obligations, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease, and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. The Lessor will pay or discharge any and all claims, liens, charges or security interests (other than those created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Owner or their successors or assigns (other than the Vendor), and, to the extent that the Lessor receives funds sufficient for such purpose from the Owner or its successors or assigns,

will pay or discharge any and all of the same claimed by any party from, through or under the Owner, or its successors or assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor or the Owner shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Utah but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all Payments to be promptly delivered or made to the Vendor at its address set forth in Paragraph 11 of the Participation Agreement.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment to the extent they are excess Payments (including, but not limited to, excess rentals) and such benefits are not required to satisfy the obligations of the Lessor under the CSA and are for the sole benefit of the Lessor, without the prior consent of the Lessor.

12. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) so long as there is no event of default under the CSA, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the CSA, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the CSA, or empower the Vendor in any way to waive or release the Lessee's obligation to pay the same, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of § 10 of the Lease without the written consent of the Vendor and (b) each and all of the warranties, 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, National Association, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for wilful misconduct or negligence, or against the Owner under the Trust Agreement (except under the last paragraph of Section 5.01 thereof) or on account of any representation, undertaking or agreement herein of the Lessor or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be

necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY BANK OF UTAH,
National Association,

by _____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by _____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Corporate Trust Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of June 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, National Association, that the seal affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of June 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said banking 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 banking corporation.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

The undersigned, GREAT LAKES CARBON CORPORATION (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys (other than amounts not assigned by the Lessor (as defined in the Lease Assignment) as provided in Paragraph 1 of the Lease Assignment) provided for in the Lease (which moneys, other than such unassigned amounts, are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units (as defined in the Lease) leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment by 11:00 a.m. Baltimore time, on the date such payment is due, by bank wire transfer of immediately available funds to The Annapolis Bank and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Agent's Account No. 52076-1, with a request that The Annapolis Bank and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that such funds are RE: GLCC 5/15/80 B (or at such other address as may be furnished in writing to the Lessee by the Vendee);

(2) upon the written direction by the Vendor to the Lessee to pay the Payments otherwise than as provided in clause (1) of this paragraph, the Lessee will pay the Payments as provided in such direction;

(3) in accordance with and subject to the provisions of the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(4) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff

against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Lessor under the Lease or under the CSA referred to in the Lease Assignment, or against the Builder (as defined in the Lease Assignment) or the Vendor or otherwise;

(5) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease;

(6) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall the Lessee enter into any waiver or consent pertaining to the Lease, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(7) it will mail or deliver one copy of all notices, statements, documents or schedules given or delivered by it pursuant to the Lease or the Lease Assignment to both the Vendor and the Owner (as defined in the Lease).

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

GREAT LAKES CARBON CORPORATION,
as Lessee,

by _____

[Corporate Seal]

Attest:

_____

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of May 1980.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____

Assistant Vice President

[CS&M Ref: 3909-033B]

CONDITIONAL SALE AGREEMENT

Dated as of May 15, 1980

Between

FIRST SECURITY BANK OF UTAH, National Association,
as Trustee,

and

TRINITY INDUSTRIES, INC.

14-3/4% Conditional Sale Indebtedness Due 1998

CONDITIONAL SALE AGREEMENT

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Schedule I--Amortization of CSA Indebtedness

Annex A--Information Relating to Building of Equipment

Annex B--Schedule of Equipment

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Annex D--Lease Assignment and Consent

CONDITIONAL SALE AGREEMENT dated as of May 15, 1980, between TRINITY INDUSTRIES, INC. (hereinafter called the "Builder" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof), and FIRST SECURITY BANK OF UTAH, National Association (the "Vendee"), acting not in its individual capacity but solely as trustee under a Trust Agreement (the "Trust Agreement") dated as of the date hereof with George S. Eccles (the "Owner").

WHEREAS the Builder agrees to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto and indicated thereon to be built by the Builder (the "Equipment") or so much thereof as shall not be excluded herefrom pursuant to any provision hereof; and

WHEREAS the Vendee is entering into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") with Great Lakes Carbon Corporation (the "Lessee"), in substantially the form annexed hereto as Annex C.

WHEREAS Mercantile-Safe Deposit and Trust Company (the "Assignee" or "Vendor") is acting as agent for certain institutional investors pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Assignee, the Lessee, the Vendee, the Owner and the parties named in Schedule A thereto.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish such portion of the Purchase Price (as hereinafter defined) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price as is payable hereunder shall be paid by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "CSA Assignment") between the Builder and the Assignee.

The term "Builder", whenever used in this Agreement, means, both before and after such assignment of its rights hereunder, the corporation named in Item 1 of Annex A hereto and any successor or successors for the time being to its manufacturing properties and business. The term "Vendor", whenever used in this Agreement, means, before any such assignment, the Builder, as the context may require, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of the Vendee's obligations hereunder, such of the right, title and interest of the Vendee in and to the Lease as is specified in and pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (the "Lease Assignment") and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (the "Consent").

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), said Builder's Equipment, each unit of which shall be constructed in accordance with the specifications and terms referred to in Annex B hereto and in accordance with such modifications of such specifications as may be agreed upon, and evidenced in writing, by said Builder, Lessee and the Vendee (such specifications and modifications thereof, if any, being herein called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all U.S. Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment and eligible for interchange service under the rules of interchange of the Association of American Railroads (or any successor thereto).

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of its Equipment to the Vendee at the place specified in Annex B hereto; provided, however, that delivery of the Equipment shall not be made until this Agreement, the Lease, the CSA Assignment and the Lease Assignment have been filed pursuant to 49 U.S.C. § 11303; and provided, further, that the Builder shall not have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (d) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default. The Builder agrees not to deliver any unit of its Equipment hereunder (a) following receipt of written notice from the Vendee or the Assignee of the commencement of any such proceedings or the occurrence of any such event of default or event, as aforesaid or the death of the Owner and (b) until it receives notice from the Assignee that the conditions contained in Paragraph 6 of the Participation Agreement have been met and from the Vendee that the conditions contained in Paragraph 7 of the Participation Agreement have been met.

Any unit of Equipment not delivered at the time of receipt of the notice specified in clause (a) of the last sentence of the first paragraph of this Article 3 and any unit of Equipment not delivered and accepted hereunder on or prior to June 30, 1980, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such unit of Equipment. If any unit of Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the Vendee and the Builder (and any assignee of the Builder) shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom.

The Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder.

Upon or after completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a Certificate of Acceptance (as defined in the Lease).

On delivery by the Builder hereunder of each unit of the Equipment and acceptance of each such unit hereunder at the place specified for delivery, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties and indemnification obligations referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to or purported to be created in or transferred to the Vendee shall be held by the Vendee solely as trustee for the benefit of the Builder thereof.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as may be agreed to by the Builder,

the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price as so increased or decreased as set forth in the invoice or invoices of the Builder delivered to the Vendee (the "Invoice" or "Invoices"), and if the Purchase Price is other than the base price or prices set forth in Annex B, the Invoice or Invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee. If on the Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder (and any assignee of the Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for, in inverse order of their delivery pursuant to Article 3 hereof, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as aforesaid). Notwithstanding anything to the contrary contained herein, the Maximum Purchase Price specified in Annex A hereto shall not be increased without the written agreement of each party to the Participation Agreement.

The Equipment shall be settled for in accordance with Item 2 of Annex A hereto in one group of the Equipment delivered to and accepted by the Vendee as is provided in said Item 2 (such group being hereinafter called a "Group"). The term "Closing Date" with respect to the Group shall mean the date of settlement for such Group specified in said Item 2 or such later date (not later than July 15, 1980, such date being herein called the Cut-Off Date) occurring not more than 10 business days following presentation by the Builder to the Vendee of Invoices for the Equipment (with copies to the Lessee) and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Lessee by written the Lessee) and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which

banking institutions in New York, New York, Salt Lake City, Utah, or Baltimore, Maryland, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the following:

(a) on the Closing Date with respect to each Group an amount equal to (i) 30.242419% of that portion of the aggregate Purchase Price of such Group represented by the Invoice or Invoices of the Builder therefor (being the aggregate Purchase Price of such Group), plus (ii) to the extent the Vendee shall have agreed and shall not theretofore have paid, any amount by which the aggregate Purchase Price of all units of Equipment theretofore or then being settled for hereunder exceeds the Maximum Purchase Price; and

(b) in 35 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect to such Equipment pursuant to clauses (i) and (ii) of subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the "CSA Indebtedness") shall be payable in 35 consecutive semiannual installments commencing July 2, 1981, to and including July 2, 1998 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the CSA Indebtedness shall bear interest from and including the Closing Date in respect of which such CSA Indebtedness was incurred at the rate of 14-3/4% per annum, payable (to the extent accrued) (i) on January 2, 1981, and (ii) on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal will completely amortize

the CSA Indebtedness. The Vendee will furnish to the Vendor promptly after the last Closing Date a schedule showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of 12 30-day months except that the interest payable on January 2, 1981, and interest due pursuant to the next succeeding paragraph shall be determined on an actual elapsed-day, 365-day-year basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof (without reference to any grace periods provided for in Article 15 hereof) at the rate of 15-3/4% per annum (the "Penalty Rate").

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due; provided, however, that if an Event of Default shall occur and be continuing under the Lease and if a Declaration of Default (as defined in Article 15 hereof) shall have been made, the Vendee may at its option, but shall not be obligated to, prepay without penalty or premium the entire CSA Indebtedness, by paying the principal amount thereof plus accrued and unpaid interest thereon.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), but not limiting the effect of Article 21 hereof, the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder (excluding only the obligations set forth in subparagraph (a) of the third paragraph of this Article 4 and the proviso in the third paragraph of Article 12 hereof) shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", and such payments shall be required to be made by the Vendee only to the extent that the Vendee or any assignee of the Vendee shall

have actually received sufficient "income and proceeds from the Equipment" to make such payments; provided, however, that nothing in this or the next succeeding sentence shall be deemed to limit in any way the agreements, obligations or liabilities of the Owner under the Guarantee (as defined in the Participation Agreement). Except as provided in the next preceding sentence, the Vendor agrees that the Vendee shall have no personal liability to make any payments under this Agreement except from the "income and proceeds from the Equipment". In addition, the Vendor agrees that the Vendee (i) makes no representation or warranty as to, and is not responsible for, the execution, validity, sufficiency or enforceability of the Lease (or any document relative thereto) insofar as it relates to the Lessee or of any of the Lessee's obligations thereunder and (ii) shall not be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease or the Consent; it being understood that as to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease against the Lessee and the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include: (x)

amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the occurrence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) amounts excluded from the Lease Assignment pursuant to the first paragraph of Paragraph 1 thereof. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment or the Vendee's interest in the Lease for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement (in respect of the Purchase Price of the Equipment, interest payable thereon or otherwise) and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will, at the

Vendee's expense, (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by net income, excess profits taxes and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor by reason of its interest therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions which might in

any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it or the Lessee is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Termination; Casualty Occurrences; Insurance. The Vendee agrees that, at the Vendee's own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep all of the units of Equipment which are subject to this Agreement in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for interchange service under the rules of interchange of the Association of American Railroads (or any successor thereto).

In the event that any unit of the Equipment shall be or become lost, stolen, destroyed, irreparably damaged or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession thereof by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Agreement (a "Casualty Occurrence") during the term of this Agreement, the Owner shall, promptly after it shall have received notice from the Lessee thereof or otherwise been notified that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the Payment Date next succeeding such notice or notification (or, in the event such date will occur within 15 days after delivery of such notice or notification to the Vendee, on the following Payment Date), the Vendee shall, subject to the limitations contained

in the last paragraph of Article 4 hereof, pay to the Vendor an amount equal to the Casualty Value, as hereinafter defined, of such unit suffering a Casualty Occurrence as of the date of such payment. On the date of any such payment, the Vendee shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, the security interest of the Vendor in such unit shall terminate, and absolute right to the possession, of title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver, to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such termination to the Vendee, in recordable form, in order that the Vendee may make clear upon the public records the full title of the Vendee to such unit.

Any property insurance proceeds or condemnation payments received and retained by the Vendor in respect of units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Vendee to the Vendor in respect of Casualty Occurences pursuant to this Article. If the Vendor shall receive any property insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Vendee shall have made payments pursuant to this Article without deduction for such property insurance proceeds or condemnation payments, or in excess of the Casualty Value (after taking into account payments by the Vendee under this Article) of such units, the Vendor shall promptly pay such property insurance proceeds or condemnation payments to the Vendee. All property insurance proceeds or condemnation payments or such excess received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that the damage to such unit in respect of which such proceeds were paid has been fully repaired.

Any money paid to the Vendor pursuant to this Article shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised

schedule of payments of principal and interest thereafter to be made, in such number of counterparts as they may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

The "Casualty Value" of any unit of Equipment on any date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the Conditional Sale Indebtedness outstanding on such date by a fraction of which the numerator shall be the Purchase Price of such unit and the denominator shall be the Purchase Price of all units (including such unit) subject to this Agreement on such date.

The Vendee will at all times prior to the payment of the Conditional Sale Indebtedness, together with interest thereon and all other payments required hereby, at its own expense, carry and maintain or cause to be carried and maintained public liability insurance at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee or any other user of the Equipment in respect of similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before April 30 in each year, commencing with the year 1981, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effects set forth in § 8 of the Lease.

ARTICLE 9. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

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

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's operations involving the Equipment may extend, with all lawful rules of the U.S. Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, and with all applicable interchange rules, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or modification of or to any part on any unit of the Equipment, the Vendee will cause the Equipment to conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of Equipment by the Builder to the Vendee, to the possession of such Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement. The Vendee shall not assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the continental United States of America; it being understood, however, that any such occasional use shall be subject to § 12 of the Lease.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease and agree that the rights of the

Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be terminated (except in accordance with its terms) or amended in any respect that materially affects the interests of the Vendor without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Vendee or the Owner or their successors or assigns, not arising out of the transactions contemplated hereby (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, (i) might become a lien, charge or security interest on or with respect to the Equipment, or any unit

thereof, or the Vendee's or Owner's interest in the Lease and the payments to be made thereunder or (ii) would result in the bankruptcy or reorganization of the Vendee or the Owner; but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of the Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever to the extent that the same arise out of any tort, breach of warranty or failure to perform any covenant hereunder or under any related document by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all of the Equipment.

The Builder represents and warrants to the Vendee that, at the time of delivery by it, and acceptance, of each unit of the Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature other than this Agreement and the Lease.

The agreement of the parties relating to warranties by the Builder in respect of the units of the Equipment is set forth in Item 3A of Annex A hereto.

ARTICLE 14. Assignments. Without the prior consent of the Vendor, which consent will not be unreasonably withheld, the Vendee will not (a) transfer the right to possession of any unit of the Equipment, except as provided in Article 11 hereof, or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement, except as hereinafter provided in this Article 14 and is permitted by, and in accordance with the terms of Article VII of the Trust Agreement. In the event of any such assignment, conveyance or transfer, the transferee corporation shall become a party to this Agreement and will agree to be bound by all the terms of and will undertake all of the obligations of the predecessor transferor contained in this Agreement in such manner as is satisfactory to the Assignee. Upon any such transfer as above provided, such transferee corporation shall be deemed the "Vendee" for all purposes hereof, and each reference herein to such Vendee shall thereafter be deemed to include a reference to such transferee corporation.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment to the Vendee in accordance herewith or to respond to its warranties and indemnities contained or referred to in Articles 2 and 13 hereof, or relieve the Vendee of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue until the later of 10 business days after the date such payment is due and payable or five business days after notice of nonpayment shall have been given by the Vendor to the Vendee; or

(b) default shall be made in the observance or performance of any other of the conditions, representations, warranties and agreements on the part of the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee contained herein or in any agreement entered into concurrently herewith relating to the financing of the Equipment (other than the Lease), and such default shall continue for 30 days after written notice from the Vendor to the Vendee and the Lessee specifying the default and demanding that the same be remedied; or

(c) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 15 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(d) any proceeding shall be commenced by or against the Vendee, the Owner or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder, the Owner under the Trust Agreement or of the Lessee under the Lease or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), 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 Vendee under this Agreement, the Owner under the Trust Agreement or of the Lessee under the Lease and the Consent, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee, the Owner or the Lessee as the case may be, or for their respective property 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 60 days after such proceedings shall have been commenced; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease unless the Vendee shall have cured the corresponding event of default hereunder within five days after written notice to the Vendee of such event of default; provided, however, that if more than two Events of Default shall have occurred under clause (a) of § 10 of the Lease, any such Event of Default shall be an event of default hereunder whether or not the corresponding event of default hereunder is cured;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the proviso in the second paragraph of § 4 of the Lease relating to the Lessee's rights to possession, use and assignment under §§ 4 and 12 of the Lease, cause the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor so to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest thereon shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event of which the Vendee has actual knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and the Vendor had taken no action

to enforce its rights hereunder by reason thereof. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. Subject to the Lessee's rights of possession and use under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee or, at the expense of the Vendee, upon any other storage tracks, as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge

for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

Subject to the Lessee's rights of possession and use under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 90 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement (including fees and expenses

referred to in the following paragraph), then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

Subject to the Lessee's rights of possession and use under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York City, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Vendee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale, provided that the Lessee may not so bid if it shall have caused the event or events of default in respect of which the relevant Declaration of Default was made. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than ten days prior thereto, by telegram or registered mail. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where fewer than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of any sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity and may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence

duly granted to the Vendee or the Lessee shall not otherwise affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Penalty Rate, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover such reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, waives all

statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed in accordance with 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement.

The Vendee will promptly furnish to the Vendor certificates or other evidence satisfactory to the Vendor of every such filing, registering, depositing and recording.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, the Trust Agreement and the CSA Assignment, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Except where other notice requirements are expressly set forth, any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first-class mail, postage prepaid, at the following addresses:

(a) to the Lessee, at 299 Park Avenue, New York, N.Y. 10017, Attention of Vice President and Treasurer,

(b) to the Vendee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Department,

(c) to the Builder, at its address specified in Item 1 of Annex A hereto,

(d) to the Assignee, at P. O. Box 2258, Two Hopkins Plaza, Baltimore, Maryland 21203, attention of Corporate Trust Department, with copies to the Investors at their respective addresses specified in Schedule A to the Participation Agreement, and

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee or the Vendor, as the case may be, and to the Lessee, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties listed in this Article 20.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the first, second (but only insofar as it relates to filing of a certificate with respect to Casualty Value, as the case may be) and the third sentences of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or

amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood, anything in this Agreement to the contrary notwithstanding, that each of the warranties, representations, undertakings and agreements herein made on the part of the Vendee are made and intended not as personal warranties, representations, undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Agreement is executed and delivered by said bank not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of wilful misconduct or gross negligence, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Owner (except, with respect to each such party, in connection with the payment or discharge of claims, liens, charges or security interests claimed from, through or under such party or its successors and assigns pursuant to the proviso to the last paragraph of Article 12 of this Agreement and except, with respect to the Owner, pursuant to Section 1.03 and the last paragraph of Section 5.01 of the Trust Agreement), on account of this Agreement or on account of any warranty, representation, undertaking or agreement of the said bank or the Owner hereunder, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the

CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

TRINITY INDUSTRIES, INC.,

by _____

[CORPORATE SEAL]

Attest:

_____

FIRST SECURITY BANK OF UTAH,
National Association,

by Randy R. Marchant
Authorized Officer

[SEAL]

Attest: R D Schutzer
Authorized Officer

STATE OF TEXAS,)
) ss.:
COUNTY OF DALLAS,)

On this day of June 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of TRINITY INDUSTRIES, INC., 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

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 19th day of June 1980, before me personally appeared Randy R. Marchant, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, that the seal affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said bank.

Casey R. Krofel
Notary Public

[Notarial Seal]

My Commission expires
7/17/82

SCHEDULE I

Allocation Schedule
of Each $1,000,000 of 14-3/4% CSA Indebtedness
Payable in Installments

Date	Debt Service	Interest Payment	Principal Recovery	Remaining Balance
1/2/81	$ *	$ *	$ .00	$1,000,000.00
7/2/81	80,110.29	73,749.99	6,360.30	993,639.70
1/2/82	80,110.29	73,280.92	6,829.37	986,810.33
7/2/82	80,110.29	72,777.25	7,333.04	979,477.29
1/2/83	80,110.29	72,236.44	7,873.85	971,603.44
7/2/83	80,110.29	71,655.74	8,454.55	963,148.89
1/2/84	80,110.29	71,032.22	9,078.07	954,070.82
7/2/84	80,110.29	70,362.71	9,747.58	944,323.24
1/2/85	80,110.29	69,643.83	10,466.46	933,856.78
7/2/85	80,110.29	68,871.93	11,238.36	922,618.42
1/2/86	80,110.29	68,043.10	12,067.19	910,551.23
7/2/86	80,110.29	67,153.14	12,957.15	897,594.08
1/2/87	80,110.29	66,197.55	13,912.74	883,681.34
7/2/87	80,110.29	65,171.49	14,938.80	868,742.54
1/2/88	80,110.29	64,069.75	16,040.54	852,702.00
7/2/88	80,110.29	62,886.76	17,223.53	835,478.47
1/2/89	80,110.29	61,616.53	18,493.76	816,984.71
7/2/89	80,110.29	60,252.61	19,857.68	797,127.03
1/2/90	97,912.57	58,788.11	39,124.46	758,002.57
7/2/90	97,912.57	55,902.68	42,009.89	715,992.68
1/2/91	97,912.57	52,804.45	45,108.12	670,884.56
7/2/91	75,413.71	49,477.73	25,935.98	644,948.58
1/2/92	75,413.71	47,564.95	27,848.76	617,099.82
7/2/92	75,413.71	45,511.11	29,902.60	587,197.22
1/2/93	75,413.71	43,305.79	32,107.92	555,089.30
7/2/93	75,413.71	40,937.83	34,475.88	520,613.42
1/2/94	75,413.71	38,395.23	37,018.48	483,594.94
7/2/94	75,413.71	35,665.12	39,748.59	443,846.35
1/2/95	75,413.71	32,733.66	42,680.05	401,166.30
7/2/95	75,413.71	29,586.01	45,827.70	355,338.60
1/2/96	75,413.71	26,206.22	49,207.49	306,131.11
7/2/96	75,413.71	22,577.17	52,836.54	253,294.57
1/2/97	75.413.71	18,680.47	56,733.24	196,561.33
7/2/97	75,413.71	14,496.40	60,917.31	135,644.02
1/2/98	75,413.71	10,003.75	65,409.96	70,234.06
7/2/98	75,413.82	5,179.76	70,234.06	.00
	$2,786,818.40	$1,786,818.40	$1,000,000.00	

* Interest only on the CSA Indebtedness shall be payable to the extent accrued on this date.

ANNEX A

TO

CONDITIONAL SALE AGREEMENT

Item 1: Trinity Industries, Inc., 4001 Irving Boulevard, Dallas, Texas 75207.

Item 2: Unless the parties shall otherwise agree, the Equipment shall be settled for in one group.

Item 3. The Builder warrants to the Vendee for a period of one year from the date of shipment f.o.b. plant of manufacture that the units of the Equipment are free of defects in material and workmanship.

THE BUILDER SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL DAMAGES, OR ANY FURTHER LOSS BY REASON OF ANY DEFECT.

This warranty does not cover or apply to any product, accessory, part or attachment which is not manufactured by the Builder.

If the Trustee or the Lessee believes any part of the Equipment to be defective in material or workmanship, the Vendee or the Lessee must give written notice thereof to the Builder at its address specified in this Agreement prior to the expiration of the initial warranty period, specifying details as to date and place of purchase, car number, and alleged defect. The Builder will then give written instructions as to how any defect is to be repaired or replaced. Subject to compliance with the foregoing requirements and provided that the Builder determines the alleged defect to be the result of faulty material or workmanship, the Builder, without charge, will repair any defect in material or workmanship within 120 days after the defective part or Equipment is received by the Builder at the factory from which it was shipped or at such other location specified in writing by the Builder.

THE ABOVE EXPRESS WARRANTY IS IN LIEU OF ALL OTHER EXPRESS WARRANTIES (EXCEPT AS TO TITLE) AND ALL WARRANTIES, EXPRESS OR IMPLIED (EXCEPT AS TO TITLE), ARE LIMITED TO ONE YEAR IN DURATION AS SPECIFICALLY PROVIDED ABOVE.

Item 4: The Builder shall defend any suit or proceedings brought against the Vendee or the Lessee based on a claim that the Equipment or any part thereof furnished hereunder constitutes an infringment of any United States patent, if notified promptly in writing and given authority, information and assistance (at the expense of the Builder) for the defense of same, and the Builder shall pay all damages and costs awarded therein against the Vendee or the Lessee. In case the Equipment or any part thereof is in such suit held to constitute infringement and the use of said Equipment or parts is enjoined, the Builder shall, at its own expense, and at its option, either procure for the Vendee and the Lessee the right to continue using said Equipment or parts, or replace same with noninfringing equipment or modify it so it becomes noninfringing, or refund the Purchase Price. If the Purchase Price is so refunded, such refund shall be made to the assignee of Builder's rights under this Agreement if this Agreement has been so assigned, which refund to the extent of the unpaid CSA Indebtedness, shall be applied in like manner as payments in respect of Casualty Occurrences under Article 7 of this Agreement and, as long as no event of default or event which with the lapse of time and/or demand could constitute an event of default under this Agreement shall have occurred and be continuing, the balance shall be paid by such assignee to the Trustee. The foregoing states the entire liability of the Builder for patent infringement by said Equipment or any part thereof.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is $10,235,000.*

Item 6: The maximum CSA Indebtedness referred to in Article 4 of the CSA to which this Annex A is attached is $7,128,677.50.**

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* The Maximum Purchase Price shall be reduced by any amounts heretofore paid or to be paid for units of Equipment settled for under the Other Documents.

** The maximum CSA Indebtedness shall be reduced by any amounts paid by the Investors on any Closing Date under the Other Documents.

ANNEX B
TO
CONDITIONAL SALE AGREEMENT*

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Place and Assumed Time of Delivery
rinity dustries, .c.	100-ton Covered Triple Hopper	L 153	HC3-47-1	Dallas, Texas	230	$44,500	$10,235,000	GLCX 8000-8229	June 1980, F.O.B. Builder's Plant

* Notwithstanding anything herein to the contrary, this Agreement will cover only those units of Equipment that are livered and accepted on or before June 30, 1980, and in no event more than 115 units of Equipment. After delivery all units of Equipment covered by this Agreement, this Annex B will be amended to describe only those units of uipment covered by this Agreement.

ANNEX C

[3909-033B]

LEASE OF RAILROAD EQUIPMENT

Dated as of May 15, 1980

Between

GREAT LAKES CARBON CORPORATION,
Lessee,

and

FIRST SECURITY BANK OF UTAH, National Association,
as Trustee,

Lease of Railroad Equipment

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LEASE OF RAILROAD EQUIPMENT dated as of May 15, 1980, between GREAT LAKES CARBON CORPORATION, a Delaware corporation (the "Lessee"), and FIRST SECURITY BANK OF UTAH, National Association, a national banking association (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with George S. Eccles (the "Owner").

WHEREAS, pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Lessee, the Lessor, the Owner, Mercantile-Safe Deposit and Trust Company, acting as agent (hereinafter together with its successor and assigns called the "Vendor") and the parties named in Schedule A thereto, the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Trinity Industries, Inc. (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule 1 hereto (the "Equipment");

WHEREAS the Builder is assigning its interest in the CSA to the Vendor;

WHEREAS the Lessor is assigning its interest in this Lease to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Lessee desires to lease such number of units of the Equipment as are delivered and accepted under the CSA (the "Units") at the rentals and for the terms and upon the conditions hereinafter provided;

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

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, any abatement, reduction or setoff due, or alleged to be due, by reason of any past, present or future

claims of the Lessee against the Lessor under this Lease or under the CSA, or against the Builder or the Owner or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, any prohibition or restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding involving the Lessee, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause the Units to be delivered to the Lessee at the point within the United States of America at which the Units are delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to determine that the same has been delivered in good order and, if such Unit is found to be in good order and has been inspected and approved by an authorized representative of the Lessee at the Builder's plant, to accept delivery of such Unit, and the Lessee shall execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") in the form set forth in Exhibit A hereto in accordance with the provisions of Article 3 of the CSA, stating that such Unit has

been inspected and accepted on behalf of the Lessee and the Lessor on the date set forth in such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit, one interim and 36 consecutive semiannual payments in advance. The interim payment is payable on January 2, 1981 (such date being hereinafter called the Basic Rent Commencement Date). The 36 semiannual payments are payable on January 2 and July 2 of each year, commencing on January 2, 1981, to and including July 2, 1998, (each of such 36 consecutive dates being hereinafter called a Rental Payment Date). The interim rental payable on the Basic Rent Commencement Date for each Unit shall be in an amount equal to the product of (a) the number of calendar days elapsed from and including the Closing Date (as defined in the CSA) for such Unit to, but not including, the Basic Rent Commencement Date, times (b) .0306208% of the Purchase Price (as defined in the CSA) of such Unit. The 36 semiannual rental payments shall each be in an amount equal to the Semi-Annual Lease Factor (as hereinafter defined) of the Purchase Price of each Unit then subject to this Lease. As used herein, the term "Semi-Annual Lease Factor" means (a) with respect to each of the first 18 semiannual rental payments 5.588300% and (b) with respect to the last 18 semiannual rental payments, 6.830144% of the Purchase Price of each Unit then subject to this Lease. Such percentages may be adjusted pursuant to § 16 hereof.

Notwithstanding anything to the contrary set forth herein, the rentals and Casualty Values set forth in Schedule 2 hereto, shall at all times be sufficient to satisfy the obligation of the Lessor under the CSA.

If any rental payment date referred to above is not a business day the rental otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Salt Lake City, Utah, Baltimore, Maryland, or New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee as long as any of the CSA Indebtedness (as defined in the CSA) is outstanding, to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this § 3 and in § 7 hereof, to the Vendor (or as the Vendor may otherwise specify in writing to the Lessee), at the address and by the method specified in the Consent and Agreement, dated as of the date hereof, attached to the Lease Assignment (the "Consent"), for the account of the Lessor in care of the Vendor, with instructions to the Vendor first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA would constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing; provided, however, that, so long as and only so long as no default in payment by the Lessee of any amount provided for in the first three sentences of the first paragraph of this § 3 or in the second, thirteenth or fourteenth paragraph of § 7 hereof, shall have occurred and be continuing, the Lessee shall make all payments provided for in §§ 6, 9 and 16 hereof directly to the person entitled to receive them, as provided in the Lease Assignment. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or the Lessor, as the case may be, by 11:00 a.m., Baltimore time, on the date such payment is due. From and after the date of payment in full of all obligations of the Lessor under the CSA, all such payments shall be made directly to the Lessor.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10, 13 and 14 hereof, shall expire on January 2, 1999. The obligations of the Lessee under §§ 6, 7, 9, 14 and 16 hereof shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights and remedies of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein; provided, however, that, so long as (i) no Event of Default

exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Payments (as defined in the Lease Assignment) are being made to and applied by the Vendor in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession and use provided under § 12 hereof.

§ 5. Identification Marks. The Lessee (at its own expense) will cause each Unit to be kept numbered with the road number set forth in Schedule 1 hereto or, in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, and that no other filing, deposit or giving of notice with any Federal, state or local government or agency thereof is necessary to protect the rights of the Vendor and the Lessor in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. 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) for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax payable by the Lessor and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax, and other than the aggregate of all state or local taxes measured by net income and value added taxes in lieu of such net income taxes, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the CSA, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as such imposition remains unpaid and Lessee is contesting in its own name and in good faith and by appropriate legal or administrative proceedings such impositions, or the Lessor is required to contest such impositions as provided in this § 6, and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Lessor or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of any such contest brought in the Lessee's name prior to or within 30 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall pay the Lessor on presentation of an invoice

therefor if the Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Lessor) or the Lessee shall have approved the payment thereof, and the Lessor agrees to give the Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees to take such other action as may reasonably be requested by the Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such imposition, as hereinafter provided in this § 6.

In the event that the Lessor shall become obligated to make any payment to the Builder or the Vendor or otherwise pursuant to Article 6 of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor to fulfill completely the Lessor's obligations pursuant to said provision; provided, however, that the Lessee shall not thereby become obligated to make any payment on behalf of the Lessor or any other person of the type it is not obligated to make to the Lessor by reason of the exceptions set forth in the first sentence of this § 6.

In the event any returns, statements or reports with respect to impositions involving any Unit are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor and the Vendor in such Units and as shall be satisfactory to them or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to them within a reasonable period of time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

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

In the event the Lessee may be prohibited by law or is impaired from contesting in its own name any imposition covered by this § 6 in respect of which the Lessee would otherwise be required to make payments to the Lessor pursuant hereto, the Lessor shall, upon request and at the expense of the Lessee, take all legal and other appropriate action rea-

sonably requested by the Lessee to contest such imposition. The Lessor shall not be obligated to take any such action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein. The Lessee shall indemnify and hold the Lessor (in both its individual and fiduciary capacities) and the Owner harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred as a result of, or incident to, any action taken by the Lessor or Lessee under this § 6. The Lessee shall be entitled to any refund (plus interest, if any) received by the Lessor or the Lessee in respect of any imposition paid by the Lessee, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances with respect to, or furnish other evidence satisfactory to the Lessor of, the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions, including, but not limited to, data as to any use of any Unit outside the United States of America.

The amount which the Lessee shall be required to pay with respect to any imposition which is subject to indemnification under this § 6 shall be an amount sufficient to restore the Lessor to the same net after-tax rate of return and after-tax cash position, after considering the effect of such payment and such imposition on its United States Federal income taxes and state and local income taxes or franchise taxes based on net income, that the Lessor would have had or been in had such imposition not been imposed.

§ 7. Maintenance; Casualty Occurrences; Termination; Insurance. The Lessee agrees that, at the Lessee's own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep all of the Units which are subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for interchange service under the applicable rules of the American Association of Railroads (or any of its successors).

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the CSA or for an indefinite period, but only when such indefinite period shall have exceeded the term of the CSA, or by any political subdivision of the United States of America or any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor in lieu of the rental payment or payments in respect of such Unit due and payable on such date an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit and the Lessee shall pay all costs of removal of such Unit and of freight to the place designated pursuant to § 14 hereof.

The Casualty Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule 2 hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease at the expiration of the term hereof and before the end of the storage period provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be 25% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby irrevocably appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occur-

rence or any component thereof, at the best price obtainable on an "as is, where is" basis, such disposition and all expenses related thereto to be at Lessee's cost and expense. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

In the event of the requisition for use (which is not a Casualty Occurrence) by the United States Government or by any political subdivision of the United States of America or by any other governmental entity (hereinafter called the "Government") of any Unit during the term of this Lease or any renewal thereof, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or § 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease, but the Lessee shall in all other respects comply with the provisions of said § 11 or § 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall, at its sole expense, obtain and maintain in full force and effect from the time any Unit is accepted by the Lessee and throughout the term of this Lease and during any storage period as provided in §§ 11 or 14 hereof, on each Unit from time to time subject hereto, with such insurers as are reasonably satisfactory to the Lessor

and the Vendor (i) property insurance in respect of the Units and (ii) public liability and property damage insurance covering liability for personal injuries, death or property damage resulting from the ownership, maintenance, use or operation of the Units; provided, however, that in the case of property insurance, the Lessee, at its option, may self-insure the Units to the extent it typically self-insures similar equipment and to the extent such self-insurance, including any program of risk assumption, is consistent with prudent industry practice. The Lessee will continue to carry such insurance against such risks on such terms and conditions as are satisfactory to the Lessor and the Vendor, and, in any event, not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it, but in no event shall such coverage be for amounts against risks less than the prudent industry standard. All insurance policies required hereby shall, without limitation of the foregoing, (i) require 30 days' prior written notice of cancelation or material change in coverage to the Lessor, the Owner and the Vendor and (ii) name the Lessor (in both its individual and fiduciary capacities), the Owner and the Vendor as loss payees as their respective interests may appear, in the case of property insurance, and as additional named insureds, in the case of liability insurance, and (iii) shall provide that in respect of the interests of the Lessor, the Owner and the Vendor in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor and the Vendor). The Lessee shall furnish to the Lessor prior to the acceptance date of any Unit and upon request throughout the term of this Lease evidence of insurance satisfactory to the Lessor and the Vendor showing the existence of the insurance required hereunder. The property insurance referred to in this § 7 may be written with such deductible amounts as the Lessee deems appropriate but not in excess of deductible amounts applicable to property insurance carried by the Lessee on other railroad rolling stock owned or operated by the Lessee and, in any event, only to the extent such deductible amounts are consistent with prudent industry practice.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Vendor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the

Lessee shall, upon demand, reimburse the Lessor and the Vendor for all reasonable expenditures made by the Lessor or the Vendor for such insurance, together with interest thereon computed at the maximum rate of interest permitted by law, but not more than 18% per annum, from the date of the Vendor's or the Lessor's payment until reimbursed by the Lessee.

If the Lessor shall receive any insurance proceeds (other than on policies for which the Lessor has paid premiums) or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to such Unit having suffered a Casualty Occurrence and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor from the Lessee's insurance coverage in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired and so long as no Event of Default (as defined in § 10 hereof) is continuing under this Lease.

§ 8. Reports and Inspections. On or before April 30 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor, the Owner and the Vendor (a) an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the CSA have been preserved or replaced and (iii) setting forth a description of the insurance in effect with respect to the Units pursuant to § 7 hereof, and (b) a certification of insurance coverage from the Lessee's independent broker stating the amounts, including deductible amounts, of such insurance in effect. The Lessor, at its

sole cost and expense, shall have the right, by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor shall request and as may be reasonably necessary to confirm to the Lessor the existence and proper maintenance of the Units during the continuance of this Lease. The Lessee shall promptly notify the Lessor and the Vendor of any material changes or any material proposed changes of which the Lessee has knowledge in its insurance coverage in effect with respect to the Units pursuant to § 7 hereof.

The Lessee shall furnish to the Lessor the reports required to be furnished pursuant to Paragraph 9 of the Participation Agreement.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR AS TO THE LESSEE'S RIGHT TO QUIET ENJOYMENT THEREOF (EXCEPT AS TO ACTS OF THE LESSOR), OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 13 of the CSA or of Annex A of the CSA or any other claims the Lessor may have against the Builder or others relating to the quality or performance of any Unit, any of its components or its design or construction, whether such claims be based in contract (including breach of warranty) or tort; 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 Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units and with all applicable interchange rules of the Association of American Railroads (or any of its successors), to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the CSA. The Lessee, at its own cost and expense, may furnish other additions, modifications and improvements to the Units during the term of this Lease. Any additions, modifications and improvements made by the Lessee which are readily removable without causing material damage to the Units shall be owned by the Lessee and may be removed by the Lessee at any time during the term of this Lease or any renewal hereof and prior to the return of such Units to the Lessor pursuant to § 11 or § 14 hereof, except additions, modifications and improvements required to maintain each Unit's eligibility for interchange

service under the rules of the Association of American Railroads (or any of its successors) or to comply with the provisions of the first paragraph of § 7 or the first sentence of this paragraph. Any additions, modifications and improvements made to any Unit by the Lessee which are not readily removable without causing material damage to such Unit, (i) the cost of which is included in the Purchase Price of such Unit or (ii) which are made in the course of ordinary maintenance of the Units or (iii) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Lessor. The Lessee shall not make any additions, modifications or improvements to any Unit which are not readily removable without causing material damage to such Units except as provided in the next preceding sentence.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary capacities), the Owner and the Vendor from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability in tort and claims in which negligence, whether active or passive, or breach of warranty or contract of such indemnified party is alleged) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the CSA, the Participation Agreement, this Lease or any sublease entered into pursuant to § 12 hereof, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease, or the transfer of title to the Units by the Vendor pursuant to any provision of the CSA. The indemnities arising under this paragraph shall continue in full force and effect with respect to all events, facts, conditions or other circumstances occurring or existing prior to the expiration

or termination of the term of this Lease and return of the Units as provided in § 11 or § 14 of this Lease, notwithstanding such expiration, termination and return; provided, however, that the foregoing indemnification shall not apply to any failure of payment of the principal of or interest on the CSA Indebtedness and shall not be deemed to operate as a guarantee of the residual value of any Unit. The amount the Lessee shall be required to pay with respect to any of its obligations under this paragraph shall include a payment to the indemnified party sufficient to restore such party to the same position, after considering the effect of such payment on its United States Federal income taxes and state and local income taxes or franchise taxes based on net income, that the indemnified party would have been in had the liability or expense indemnified against not been incurred.

The Lessee further agrees to indemnify, protect and hold harmless the Vendor and the Builder as third-party beneficiaries hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor or the Builder because of the use in or about the construction or operation of any of the Units of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee as a result of which liability may be charged against the Builder under the CSA.

Except as provided in § 7 hereof, the Lessee shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of any or all of the Units.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns, except as provided in § 6 hereof) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership of the Units by the Lessor or the interest of the Vendor therein or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (an "Event of Default") shall occur and be continuing:

(a) default shall be made in payment of any amount provided for in § 3, 7 or 13 hereof and such default shall continue for five business days, or default shall be made in payment of any other amount provided for in this Lease and such default shall continue for 10 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof and shall fail or refuse to cause such assignment or transfer to be canceled and to recover possession of such Units within 15 days after written notice from the Lessor or the Vendor to the Lessee demanding the same;

(c) any of the representations and warranties of the Lessee contained in the Participation Agreement shall be or have been incorrect in any material respect as of the date when made and continue to be incorrect, or default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement or in the Consent, in either case continuing for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(d) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition 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 and the Consent shall not have been and shall not continue to be duly assumed in writing within 60 days after such petition shall have been filed, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees;

(e) any proceeding 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 under this Lease, the Participation Agreement or the Consent, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of 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, the Participation Agreement and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

(f) an event of default under any mortgage, indenture of trust or other agreement evidencing indebtedness of the Lessee for borrowed money shall have occurred and be continuing, which event of default shall have caused any acceleration of the payment of any indebtedness of the Lessee for borrowed money (which payment is determined to be material in the reasonable opinion of the Vendor) and such acceleration (i) has not been waived by the obligee under such agreement or cured pursuant to the terms thereof within 60 days after the declaration of such acceleration and (ii) is not being contested in good faith by the Lessee in the reasonable opinion of the Vendor;

then, in any such case, the Lessor, at its option, may:

(x) 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; or

(y) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall terminate as though this Lease had never been made, but the Lessee shall remain liable under this Lease to the extent that this Lease provides

that the obligations of the Lessee under this Lease shall survive a termination or expiration thereof; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, sell, operate, lease to others and enjoy the same free from any right of the Lessee to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee 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: (a) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 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 (b) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time after deduction of all reasonably estimated expenses and costs in connection with such sale; provided, however, that, in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (a) and (b) of this paragraph (y) with respect to such Unit, shall have a right to recover from the Lessee, and the Lessee shall pay to the Lessor, in addition to any amount payable to the Lessor by the Lessee pursuant to §§ 6, 9 and 16 hereof, 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 for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale (after deduction of all reasonable expenses and costs in connection with such sale).

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due under this Lease before, during or after the exercise of any of the foregoing remedies and shall be liable for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives (i) any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law and (ii) any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf. The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the events set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such events or similar events.

The Lessee covenants to furnish the Lessor and the Vendor, 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 paragraph, a "responsible officer" shall mean, with respect to the subject matter of any covenants, 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.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessor may, upon

such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Lessor, take, or cause to be taken by its agent or agents, immediate possession of each of the Units, and may remove the same from possession and use of the Lessee or any other person and for such purpose may enter upon the premises of the Lessee or any other premises where the Units may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities of the Lessee, subject to all mandatory requirements of due process of law.

If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, the standard for ordinary wear and tear to be that wear and tear which would have been suffered by units of the same type which had carried at all times, and over the same period of time, commodities of the kind ordinarily carried in units of such type by common carriers. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease,

and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store, insure and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination 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 Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day after such termination to the date of delivery of such Unit to the Lessor an amount equal to the amount, if any, by which (x) the product of (i) a fraction the numerator of which is 14-3/4% and the denominator of which is 360, and (ii) the Purchase Price of such Unit exceeds (y) the actual earnings received by the Lessor with respect to such Unit for each such day; such payment shall not affect the obligation of the Lessee to redeliver the Units pursuant to the first sentence of this paragraph.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use; Discharge of Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9, 10 and 16 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns.

So long as the conditions specified in the proviso to the last paragraph of § 4 hereof are satisfied, the Lessee shall be entitled to the possession, quiet enjoyment and use

of the Units. The Lessee agrees to use the Units solely within the United States of America except that the Lessee may use the Units in Canada if but only if (a)(i) the use of such Units in Canada does not involve the regular operation or maintenance thereof outside the United States within the meaning of Section 48(a)(2) of the Internal Revenue Code of 1954, as amended, and (ii) not more than an aggregate of 5% of the Units subject to this Lease and the Other Documents are located outside of the United States of America at any one point in time. The Lessee may not, except with the Lessor's and the Vendor's prior written consent, which shall not be unreasonably withheld, (a) sublease any of the Units to any sublessee other than a sublessee incorporated in the United States of America (or any state thereof or the District of Columbia), (b) sublease any of the Units to any sublessee for a term or terms that aggregate more than 10 months in any one year or (c) permit any of the Units to be used by any other person, except for usage thereof in normal interchange service, any such usage to be subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the continental United States of America and that the Units shall be used primarily for transporting petroleum coke; provided further, however, that, subject to the provisions of the second sentence of this paragraph, the Lessee may assign or permit the assignment of any Unit to occasional service between the United States of America and Canada. Notwithstanding the immediately preceding proviso, the Lessee shall not sublease the Units to, or permit their use by, any person in whose hands such Units would not qualify as "Section 38" property within the meaning of the Code. Except as set forth in the last paragraph of this § 12, the Lessee may not assign this Lease to any other person. No sublease or usage permitted by the foregoing shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Vendor under the CSA and the Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder and no such sublease shall relieve the Lessee of its obligations to the Lessor under this Lease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor or the Vendor not related to the ownership or leasing of, or the security title of the Vendor to, the Units) which may at any time be imposed on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein; except that this covenant will not be breached by reason of levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent; and, furthermore, the Lessee shall be under no obligation to discharge any such lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the failure to discharge the same does not, in the opinions of the Lessor and the Vendor, adversely affect the title, property or rights of the Lessor hereunder or the Vendor under the CSA.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in all but not less than all the Units or possession of all but not less than all the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety or, with the prior written consent of the Lessor and the Vendor, property of the Lessee related to the operation of the Units or a portion thereof; provided, however, that (i) such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease and will have a consolidated net worth determined in accordance with generally accepted accounting principles not less than that of the Lessee immediately prior to such transaction and (ii) in the case of any such acquisition of less than all or substantially all the property of the Lessee, such acquisition shall not alter in any way the Lessee's obligation to the Lessor and the Vendor hereunder which shall be and remain those of a principal and not a surety.

§ 13. Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease, elect to extend such original term of this Lease in respect of any of the Units then subject to this Lease for an additional five-year period commencing on the scheduled expiration of such original term of this Lease. The rental payable with respect to the extended term shall be a "Fair Market Rental". Rentals under the extended term shall be payable, in advance, in semiannual payments on the days of the month on which such rentals were payable for the Units in each year of the original term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 40 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be

appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraiser proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby covenants and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Lessor elects to sell any Units to third parties at the expiration of the original or the extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of such term. In the event that the Lessor shall receive, within one year after the end of such original or extended term of the Lease, a bona fide offer in writing from another party unrelated to the Lessee to purchase the Units and the Lessor elects to sell the Units pursuant to such offer at the expiration of such original or extended term of this Lease, the Lessor shall give written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party in writing to the Lessor. The Lessee shall have the sole right and option to purchase the Units under the terms and conditions of payment offered by the other party, as hereinafter provided. Within 10 business days of receipt of notice from the Lessor, the Lessee shall exercise such purchase right by delivery to the Lessor of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Lessor, or (ii) one year after the expiration of such original or extended term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase.

§ 14. Return of Units upon Expiration of Lease Term. Upon the expiration of the original term or an extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee (at not more than three locations) as the Lessee may reasonably designate, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any purchaser, lessee or user thereof, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, the standard for ordinary wear and tear to be that wear and tear which would have been suffered by units of the same type which had carried at all times, and over the same period of time, commodities of the kind ordinarily carried in units of such type by common carriers and shall meet all operating standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction provided that the Lessee shall not be required to make any additions, modifications and improvements which would not be required of the Lessee if the Lessee continued to operate the Units. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination 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 Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which (x) the product of (i) a fraction the numerator of which is 14-3/4% and the denominator of which is 360, and (ii) the Purchase Price of such Unit exceeds (y) the actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee will cause this Lease, the CSA and any assignment hereof or thereof to be filed with the Interstate Commerce Commission in accordance with 49

U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective rights in the Units, or for the purpose of carrying out the intention of this Lease, the CSA and the assignments hereof and thereof to the Vendor.

The Lessee will promptly furnish to the Vendor and the Lessor evidence of every such filing, registering, depositing, recording and other acts which may be required under this § 15, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the CSA and the assignments hereof and thereof shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Income Taxes. (a) Loss of Assumed Tax Benefits. If, for any reason whatsoever, subject to paragraph (b) of this § 16:

(i) the Owner is not allowed the benefit of current deductions for depreciation, commencing with the 1980 calendar year on any one or more of the Units placed under this Lease in such year under Section 167(a) of the Code (x) computed pursuant to any method of depreciation authorized by Section 167(b)(2) or (3) of the Code and pursuant to the asset depreciation range system of Section 167(m) of the Code and Section 1.167(a)-11 of the income tax regulations, (y) computed on the basis (A) of a net salvage value of zero, (B) that the basis of such Unit or Units under Section 167(g) of the Code is not less than the Purchase Price with respect to such Unit or Units, and (C) that such Unit or Units have an asset depreciation period of 12 years, and (z) determined on the basis of the "half-year convention" of Section 1.167(a)-11(c)(2)(iii) of the income tax regulations; or

(ii) the Owner is not allowed the benefit of current deductions under Section 163 of the Code for interest payable under the CSA; or

(iii) any deductions for depreciation with respect to any one or more of the Units are recaptured in whole or in part pursuant to Section 1245 of the Code or any successor provision or provisions thereto; or

(iv) any amount includible in the gross income of the Owner with respect to any one or more of the Units or any deduction allowable to the Owner with respect to such Unit or Units or with respect to any interest payable under the CSA shall be treated as derived from, or allocable to, sources outside the United States; or

(v) any amount is included, at any time prior to the end of the term of this Lease in the gross income of the Owner as a result of any repair, improvement, alteration, modification or addition (including replacement of parts) to such Unit or Units made by the Lessee (herein called a "Capital Expenditure");

(any such failure to allow, such recapture, such treatment of income or deductions as derived from or allocable to sources without the United States, or such inclusion in gross income as a result of a Capital Expenditure being herein called a "Loss"), then, subject to paragraph (b) of this § 16, the Lessee shall pay to the Owner as an indemnity the amount set forth in paragraph (d) of this § 16 at the time or times set forth therein.

(b) Excluded Events. The Lessee shall not be required, however, to indemnify the Owner with respect to any Loss that results solely and directly from:

(i) a Casualty Occurrence, if the Lessee has made all payments with respect thereto that are required to be made pursuant to § 7 hereof;

(ii) a voluntary disposition by the Owner of its interest in any Unit or Units, if such disposition (x) shall be the direct cause of such Loss with respect to such Unit or Units, (y) shall occur at a time while no Event of Default (and no event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, and (z) shall not be pursuant to the written consent of the Lessee;

(iii) the failure of the Owner to claim in a timely and proper manner on its income tax returns for the appropriate years any deductions contemplated by paragraph (a) of this § 16, unless the Owner shall have been advised by independent tax counsel selected by the Owner and approved by the Lessee (which approval shall not be unreasonably withheld), that there is no reasonable basis for claiming any such deduction;

(iv) the failure of the Owner to have sufficient income to benefit from such depreciation or interest deductions;

(v) the failure of the Owner to take timely action in contesting a claim made by the Internal Revenue Service, but only if such action is required by the terms of paragraph (c) of this § 16;

(vi) any amendment to, or change in, the Code, the income tax regulations thereunder or published administrative interpretations of the Code or such regulations, which change or amendment is not enacted or adopted on or prior to May 31, 1980; or

(vii) any act, or failure to act, at any time, by the Owner or any of its officers, employees or agents, which is inconsistent with the Owner's obligations under the Documents, except at a time when an Event of Default (or an event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing.

(c) Proceedings. If at the conclusion of any audit the Lessor receives a preliminary or "30 day" letter from the Internal Revenue Service proposing an adjustment in any item that, if agreed to by the Owner, would result in a Loss with respect to which the Lessee would be required to indemnify the Owner pursuant to this § 16, the Owner shall promptly notify the Lessee of such proposed adjustment and shall furnish to the Lessee a statement describing such Loss in reasonable detail. If requested to do so by the Lessee, within 20 days after receipt of such statement, the Owner shall promptly request from independent tax counsel as may be selected by the Owner and approved by the Lessee (the "Special Tax Counsel"), their opinion as to whether there is a meritorious basis for contesting such proposed adjustment. If the opinion is to the effect that there is a meritorious

basis for contesting such proposed adjustment, the Owner shall contest such proposed adjustment beyond the level of the Internal Revenue Service auditing agent by such administrative proceedings, if any, as may be determined by the Owner in its sole discretion. Upon the conclusion of such administrative proceedings, if any, the Owner shall promptly notify the Lessee of the final adjustment proposed by the Internal Revenue Service and, if the Owner receives within 30 days after such notice a written request to do so from the Lessee, the Owner shall contest such final adjustment in a court of competent jurisdiction. If the Lessee requests the Owner to appeal the decision of such a court or of any intermediate appellate court, the Owner shall promptly request from Special Tax Counsel their opinion as to whether there is a meritorious basis for appealing such decision. If the opinion is to the effect that there is a meritorious basis for appealing such decision, the Owner shall appeal such decision. The Owner, in its sole discretion, shall determine the initial and any appellate court and shall determine whether the proceedings shall be for redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or for refund of taxes paid based on such deficiency. The Owner shall not be required to take any action as set forth in this paragraph (c) unless and until the Lessee shall have agreed to indemnify the Owner in a manner satisfactory to it for any Loss that results from an adverse determination with respect to the proposed adjustment and shall have agreed to pay to the Owner on demand all reasonable out-of-pocket costs and expenses, including without limitation attorneys' fees and expenses incurred by it in connection with the taking of such action. If the Owner elects to pay taxes based on a proposed deficiency and sue for a refund thereof, and if the proposed deficiency would be a Loss with respect to which the Lessee would be required to indemnify the Owner, then the Lessee shall pay to the Owner on demand the amount of such taxes and interest thereon which the Owner shall have paid, and if the Owner subsequently receives a refund of all or any part of such taxes and interest, it shall promptly pay to the Lessee the amount of such refunded taxes and interest plus the amount of any interest received by the Lessor from the United States Government with respect to such refunded taxes and interest. Notwithstanding anything to the contrary contained in this paragraph (c), the Owner may at any time, whether before or after commencing to take any action with respect to a proposed adjustment, decline to take any further action with respect thereto, provided that, if the Lessee has

properly requested such action pursuant to this paragraph (c), the Owner notifies the Lessee that it waives its right to any indemnity with respect to any Loss that will result from acceptance of such proposed adjustment.

(d) Amount and Time of Payment of Indemnity. the amount of indemnity payable by the Lessee pursuant to this § 16 with respect to a Loss shall be such amount as will result, if the Owner's reasonable judgment, in preserving for the Owner both the after-tax rate of return and the after-tax cash flow that would have been realized by the Owner if such Loss had not occurred, based on the rates of Federal, state and local taxes on, based on, or measured by, net income in effect from time to time. The amount of such payment of indemnity shall reflect (A) the amount of interest, additions to tax and penalties payable by the Lessor with respect to such Loss, (B) the amount of Federal, state and local taxes on, based on, or measured by, net income (at the rates in effect from time to time), interest, additions to tax and penalties incurred by the Owner as a result of the receipt of such indemnity payment, and (C) any amount paid by the Lessee to the Owner pursuant to the next-to-last sentence of paragraph (c) of this § 16 which has not been repaid by the Owner to the Lessee pursuant to such sentence. The Owner shall furnish the Lessee with a notice setting forth in reasonable detail the computations and methods used in computing such amount of indemnity.

In determining the amount of indemnity payable by the Lessee pursuant to this § 16 with respect to a Loss which results from a Capital Expenditure, there shall be taken into account any investment credits and depreciation deductions to which the Owner is or expects to be entitled with respect to such Capital Expenditure in the year in which the Capital Expenditure is made and in subsequent years, but if any such investment credits or depreciation deductions are subsequently disallowed, recaptured or treated as derived from or allocable to sources outside the United States, such disallowance, recapture or allocation shall be treated as a Loss described in clause (i), (iii) or (iv) of paragraph (a) of this § 16, as the case may be.

The Lessee's obligation to pay any indemnity payable pursuant to this § 16 with respect to a Loss shall become unconditional (1) in the case of a Loss that is required to be reflected on a tax return of the Owner, 30 days after the date such tax return is filed; (2) in

the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is not contested pursuant to paragraph (c) of this § 16, 30 days after the Lessee's receipt of the statement referred to in the first sentence of paragraph (c) of this § 16; and (3) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is contested pursuant to paragraph (c) of this § 16, 30 days after the day on which such contest is finally concluded.

The Lessee shall pay to the Owner a lump sum indemnity at the time its obligation to pay indemnity pursuant to this § 16 becomes unconditional with respect to any Loss if the Lessee's obligation to pay indemnity pursuant to this § 16 becomes unconditional on or after the termination of this Lease. Any other indemnity payable pursuant to this § 16 shall be structured as level future rent increases, and the Lessee shall commence payment of such increased rent on the first rental payment date after Lessee's obligation to pay indemnity pursuant to this § 16 becomes unconditional. The amount of rental resulting from any one Loss shall be adjusted from time to time for each change in the Code and the income tax regulations (including, without limitation, tax rates) which affects the Owner's net after-tax rate of return and after-tax cash flow.

In the event that indemnity payments are made by the Lessee with respect to a Loss described in clause (iv) of paragraph (a) of this § 16, the Owner shall pay to the Lessee an amount equal to the aggregate net reduction in Federal income taxes, if any, realized by the Owner during any taxable year subsequent to the year of such Loss resulting from an increase in its foreign tax credit allowable for such year, which is attributable solely to the Owner's realizing foreign source taxable income for such year in connection with the transaction described in this Lease and related documents; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments with respect to a Loss described in clause (iv) of paragraph (a) of this § 16 by the Lessee to the Owner, less (y) the amount of all prior payments by the Owner to the Lessee pursuant to this paragraph with respect to such Loss; and provided further, that any decrease (which is attributable solely to the Owner's realizing foreign source

tax losses in connection with the transaction described in the Lease and related documents) in such foreign tax credit allowable for such year resulting from an audit of the Owner's tax return for such year, or from a foreign tax credit carryback from a subsequent year, shall be treated as a Loss described in clause (iv) of paragraph (a) of this § 16.

(e) Adjustment of Casualty and Termination Values. In the event that the Lessee shall be required to indemnify the Owner pursuant to this § 16 with respect to a Loss relating to a Unit or Units, the Casualty Value of such Unit or Units shall be appropriately reduced to reflect the reduction, if any, in taxes that will be payable by the Owner with respect to such Unit or Units upon a Casualty Occurrence with respect thereto; provided, however, that such Casualty Value shall not be reduced below the amounts required to satisfy the obligations of the Lessor under the CSA.

(f) Survivals of Indemnities. All of the Owner's right and privileges arising from the indemnities contained in this § 16 shall survive the expiration or other termination of this Lease with respect to any or all Units and such indemnities are expressly made for the benefit of, and shall be enforceable by the Owner, his personal representative, heirs, executors, administrators, successors and assigns.

(g) Payments of Indemnity. All payments of indemnity made pursuant to this § 16, whether payable in a lump sum or in the form of increases in future rental payments, shall be made by the Lessee directly to the Owner by transfer of immediately available funds as the Owner shall specify at such time by notice in writing to the Lessee.

(h) Pass-through to Lessee of Investment Credit. The Owner and the Lessee agree that the Owner will, in accordance with Section 48(d) of the Code and the regulations thereunder, execute and file with the Lessee an election to treat the Lessee as having acquired the Units for purposes of the investment credit provided by Section 38 and related sections of the Code so that the Lessee may receive the benefit of such credit to the extent it is available in respect of "new section 38 property" as defined in Section 48(b) of the Code; provided, however, that the Owner shall not be in any way responsible for the Lessee's failure to obtain the benefits of such investment credit and the Lessee shall be solely responsible for the preparation and filing

of all documents necessary to effect such election and shall timely furnish the Owner with all documents required to be signed and filed by the Owner in respect of the proper making of such election and shall specify in its letter transmitting the election documents to the Lessor the date on which such election is required to be made.

(i) Records and Statements. Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time during the term of this Lease or any extended term thereof take any action or fail to take any action or file any returns, certificates or other documents inconsistent with the contemplated tax benefits set forth in subsection (a) of this § 16 except that each of such corporations may take such action as they may deem necessary in consequence of, and file returns in connection with the occasional use of the Equipment outside the United States, and that each of such corporations will file such returns, take such action and execute such documents, and keep and upon receipt of 30 days' written notice from the Owner make available for inspection and copying by such party such records (other than the Lessee's corporate income tax returns) as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

§ 17. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, interest at a rate per annum equal to 15-3/4% on the overdue rentals and other obligations for the period of time during which they are overdue (without reference to any grace periods provided for in § 10 hereof) or such lesser amount as may be legally enforceable.

§ 18. Notices. Any notice (or report pursuant to § 8 hereof) required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Corporate Trust Department, with a copy to GATX Leasing Corporation at such address as it shall have furnished for such purpose; and

(b) if to the Lessee, at 299 Park Avenue, New York, N. Y. 10017, Attention of Vice President and Treasurer,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor at P. O. Box 2258, Two Hopkins Plaza, Baltimore, Maryland 21203, Attention of Corporate Trust Department.

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

Except for the Participation Agreement and the Trust Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee and, so long as the CSA Indebtedness or any other obligation of the Lessor under the CSA remains outstanding and if such variation, modification or waiver shall materially affect the interests of the Vendor, approved by the Vendor.

§ 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the assignment hereof to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 22. Definitions. Whenever the term "Lessor" is used in this Lease, it shall also include the Owner and

any assignee of the Owner and, where the context so requires (including but not limited to certain of the provisions of § 6 hereof), shall, except for purposes of any assignment of the "Lessor's" rights under this Lease, refer only to the Owner or such assignee of the Owner.

§ 23. Concerning the Lessor. Each and all of the warranties, 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, National Association, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for wilful misconduct or gross negligence, or against the Owner under the Trust Agreement (except under the last paragraph of Section 5.01 thereof) or on account of any representation, undertaking or agreement herein of the Lessor or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

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

GREAT LAKES CARBON CORPORATION,

by

_____
President

[Corporate Seal]

Attest:

_____
Secretary

FIRST SECURITY BANK OF UTAH,
National Association,

by Randy R. Marchant
Authorized Officer

[Seal]

Attest:

Authorized Officer

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

On this day of June 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of GREAT LAKES CARBON CORPORATION, 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

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 9th day of June 1980, before me personally appeared Randy R. Marchant, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, that the seal affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE*

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price*	Total Base Price	Road Numbers (Inclusive)	Place and Assumed Time of Delivery
Trinity Industries Inc.	100-ton Covered Hopper	L153	HC3-47-1	Dallas, Texas	230	$44,500	$10,235,000	GLCX 8000-8229	June 1980 F.O.B. Builder's Plant

* Notwithstanding anything herein to the contrary, the Lease will cover only those units of Equipment delivered to and ccepted by the Lessor on or before June 30, 1980, and in no event more than 115 Units of Equipment under the CSA. After elivery of all units of Equipment pursuant to the CSA, this Schedule A will be amended to describe only those covered by he Lease.

SCHEDULE 2 TO LEASE
CASUALTY VALUES

Payment Date	Percentage of Purchase Price
1/2/81	110.655%
7/2/81	115.712
1/2/82	120.339
7/2/82	124.502
1/2/83	127.817
7/2/83	130.437
1/2/84	132.224
7/2/84	133.317
1/2/85	133.601
7/2/85	133.211
1/2/86	132.356
7/2/86	131.291
1/2/87	130.004
7/2/87	128.521
1/2/88	126.836
7/2/88	124.968
1/2/89	122.916
7/2/89	120.696
1/2/90	118.312
7/2/90	114.459
1/2/91	110.420
7/2/91	106.189
1/2/92	101.812
7/2/92	97.278
1/2/93	92.620
7/2/93	87.814
1/2/94	82.891
7/2/94	77.816
1/2/95	72.613
7/2/95	67.245
1/2/96	61.740
7/2/96	56.055
1/2/97	50.220
7/2/97	44.190
1/2/98	38.029
7/2/98	31.838
7/2/99 and thereafter	25.000

EXHIBIT A

Certificate of Acceptance

To: FIRST SECURITY BANK OF UTAH,
National Association
79 South Main Street
Salt Lake City, Utah

Attention of Corporate Trust Department

I, the duly authorized representative for the Lessor and Great Lakes Carbon Corporation (the "Lessee") under the Conditional Sale Agreement and the Lease of Railroad Equipment, both dated as of May 15, 1980, respectively, do hereby certify that I inspected and accepted delivery thereunder of the following Units of Equipment:

TYPE OF EQUIPMENT:
MODEL:
DATE ACCEPTED:
NUMBER OF UNITS:
NUMBERED:
MANUFACTURER'S SERIAL NOS:

I do further certify that the foregoing Units are in good order and condition, and appear to conform to the specifications, requirements and standards applicable thereto as provided in Article 2 of the aforesaid Conditional Sale Agreement.

I do further certify that each of the foregoing Units has been marked by means of a stencil printed in contrasting colors upon each side of each such Unit in letters not less than one inch in height as follows:

"Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission."

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

_____
Authorized Representative of
Lessor and Lessee

BUILDER:

Trinity Industries, Inc.

ANNEX D
TO
CONDITIONAL SALE AGREEMENT

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 15, 1980 (this "Assignment"), by and between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION (hereinafter called the "Lessor" or the "Vendee"), under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with George S. Eccles (the "Owner"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Trinity Industries, Inc. (the "Builder"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in Annex B thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and Great Lakes Carbon Corporation (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in the CSA), the Lessor agrees to assign for security purposes, to the extent herein provided, its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the CSA, all the Lessor's right, title and

interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee or otherwise under or pursuant to the provisions of the Lease, whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys so assigned being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under and with respect to the Lease; provided, however, that the term Payments as used herein shall not be deemed to include amounts payable by the Lessee to the Lessor or the Owner as indemnification pursuant to § 6, 9 or 16 of the Lease except to the extent such indemnification under § 6 or 9 is required to be paid to the Builder or the Vendor pursuant to Article 6 or 13 of the CSA. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as attorney for the Lessor to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA, and, so long as no event of default shall have occurred and be continuing under the CSA, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by transfer of immediately available funds to the Lessor at 79 South Main Street, Salt Lake City, Utah 84111, attention of Connie Eichers, and such balance shall be retained by the Lessor. The Vendor shall notify the Lessor at its address set forth in the Lease if the Vendor shall not receive any payment in respect of rental under § 3 of the Lease when due; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA.

2. This Assignment is executed only as security and shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify, the liability of the Lessor under the Lease, it being agreed that notwithstanding this Assignment all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive or in any manner release the Lessee of or from the obligations, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease, and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. The Lessor will pay or discharge any and all claims, liens, charges or security interests (other than those created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Owner or their successors or assigns (other than the Vendor), and, to the extent that the Lessor receives funds sufficient for such purpose from the Owner or its successors or assigns,

will pay or discharge any and all of the same claimed by any party from, through or under the Owner, or its successors or assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor or the Owner shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Utah but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all Payments to be promptly delivered or made to the Vendor at its address set forth in Paragraph 11 of the Participation Agreement.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment to the extent they are excess Payments (including, but not limited to, excess rentals) and such benefits are not required to satisfy the obligations of the Lessor under the CSA and are for the sole benefit of the Lessor, without the prior consent of the Lessor.

12. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) so long as there is no event of default under the CSA, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the CSA, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the CSA, or empower the Vendor in any way to waive or release the Lessee's obligation to pay the same, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of § 10 of the Lease without the written consent of the Vendor and (b) each and all of the warranties, 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, National Association, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for wilful misconduct or negligence, or against the Owner under the Trust Agreement (except under the last paragraph of Section 5.01 thereof) or on account of any representation, undertaking or agreement herein of the Lessor or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be

necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY BANK OF UTAH,
National Association,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by

_____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Corporate Trust Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of June 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, National Association, that the seal affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of June 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said banking 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 banking corporation.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

The undersigned, GREAT LAKES CARBON CORPORATION (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys (other than amounts not assigned by the Lessor (as defined in the Lease Assignment) as provided in Paragraph 1 of the Lease Assignment) provided for in the Lease (which moneys, other than such unassigned amounts, are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units (as defined in the Lease) leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment by 11:00 a.m. Baltimore time, on the date such payment is due, by bank wire transfer of immediately available funds to The Annapolis Bank and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Agent's Account No. 52076-1, with a request that The Annapolis Bank and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that such funds are RE: GLCC 5/15/80 B (or at such other address as may be furnished in writing to the Lessee by the Vendee);

(2) upon the written direction by the Vendor to the Lessee to pay the Payments otherwise than as provided in clause (1) of this paragraph, the Lessee will pay the Payments as provided in such direction;

(3) in accordance with and subject to the provisions of the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(4) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff

against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Lessor under the Lease or under the CSA referred to in the Lease Assignment, or against the Builder (as defined in the Lease Assignment) or the Vendor or otherwise;

(5) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease;

(6) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall the Lessee enter into any waiver or consent pertaining to the Lease, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(7) it will mail or deliver one copy of all notices, statements, documents or schedules given or delivered by it pursuant to the Lease or the Lease Assignment to both the Vendor and the Owner (as defined in the Lease).

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

GREAT LAKES CARBON CORPORATION,
as Lessee,

by _____

[Corporate Seal]

Attest:

_____

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of May 1980.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____

Assistant Vice President