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July 9, 1980

St. Louis Refrigerator Car Company
Lease Financing Dated as of May 20, 1980
13% Conditional Sale Indebtedness Due January 1, 1996

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of St. Louis Refrigerator Car Company, for filing and recordation, counterparts of the following:

New Number

(1) (a) Conditional Sale Agreement dated as of May 20, 1980, among GATX Third Aircraft Corporation as Vendee, GATX Leasing Corporation as Vendee Parent, and PACCAR Inc, as Vendor; and

– A

(b) Agreement and Assignment dated as of May 20, 1980, between Mercantile-Safe Deposit and Trust Company as Agent, and PACCAR Inc, as Builder;

– B

(2) (a) Lease of Railroad Equipment dated as of May 20, 1980, among St. Louis Refrigerator Car Company as Lessee, Anheuser-Busch Companies, Inc., and Anheuser-Busch, Inc. as Guarantors, GATX Third Aircraft Corporation as Lessor, and GATX Leasing Corporation as Vendee Parent; and

– C

(b) Assignment of Lease and Agreement dated as of May 20, 1980, among GATX Third Aircraft Corporation as Vendee, GATX Leasing Corporation as Vendee Parent, and Mercantile-Safe Deposit and Trust Company as Agent.

Counterparts Clyde Wheeler

The addresses of the parties to the aforementioned agreements are:

Lessor-Vendee:

GATX Third Aircraft Corporation
One Embarcadero Center (Suite 2601)
San Francisco, California 94111.

Vendee Parent:

GATX Leasing Corporation
One Embarcadero Center
San Francisco, California 94111.

Builder-Vendor:

PACCAR Inc,
1400 North 4th Street
Renton, Washington 98055

Lessee:

St. Louis Refrigerator Car Company
2850 South Broadway
St. Louis, Missouri 63118

Guarantors:

Anheuser-Busch Companies, Inc.
Anheuser-Busch, Inc.
721 Pestalozzi Street
St. Louis, Missouri 63118

Agent-Assignee

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203.

The equipment covered by the aforementioned agreements consists of 250 62'-6" 100 ton Steel Sheath insulated "RBL" Cars, bearing the road numbers of the Lessee MRS 2500-2749, 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 addressed to the undersigned.

Very truly yours,

Joseph J. Basile, Jr.
As Agent for St. Louis
Refrigerator Car Company

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

Encl.

Interstate Commerce Commission

Washington, D.C. 20423

7/11/80

OFFICE OF THE SECRETARY

Joseph J.Basile,Jr.
Cravath,Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 7/11/80 at 7/11/80 , and assigned recordation number(s). 11994,11994-A,11994-B,11994-C

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

11994
RECORDATION NO. Filed 1425
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INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 1413-016]

CONDITIONAL SALE AGREEMENT

Dated as of May 20, 1980

Between

GATX THIRD AIRCRAFT CORPORATION,
Vendee,

GATX LEASING CORPORATION,
Vendee Parent,

and

PACCAR INC.

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of May 20, 1980, between PACCAR INC., a Delaware corporation (the "Builder" or the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), GATX THIRD AIRCRAFT CORPORATION, a Delaware corporation (the "Vendee"), and GATX LEASING CORPORATION, a Delaware corporation (the "Vendee Parent").

WHEREAS the Builder has agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the railroad equipment described in Annex B hereto to the extent not excluded herefrom under the provisions hereof (the "Equipment");

WHEREAS the Vendee is entering into a lease with ST. LOUIS REFRIGERATOR CAR COMPANY, an unincorporated common law trust (the "Lessee"), ANHEUSER-BUSCH, INC., a Missouri corporation, and ANHEUSER-BUSCH COMPANIES, INC., a Delaware corporation (hereinafter referred to individually as a "Guarantor" and collectively as "Guarantors"), in substantially the form annexed hereto as Annex C (the "Lease"); and

WHEREAS MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY (the "Assignee") is acting as agent for a certain investor pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Lessee, the Guarantors, the Assignee, the Vendee, the Vendee Parent and Aetna Life Insurance Company (the "Original Investor" and, together with its assignees, the "Investors"), and all obligations of the Vendee to the Builder under the Purchase Order (as herein defined) will be superseded by this Agreement, except to the extent otherwise expressly provided herein and in the Participation Agreement.

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

ARTICLE I

ASSIGNMENT; DEFINITIONS

1.1. Contemplated Sources of Purchase Price; Assignment. The parties hereto contemplate that the Vendee will furnish 25.67526% of the Purchase Price (as defined in

paragraph 4.1 hereof) of the Equipment and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "Assignment") between the Builder and the Assignee.

1.2 Lease Assignment. The Vendee will assign to the Vendor (as defined in paragraph 1.3 hereof), as security for the payment and performance of all the Vendee's obligations hereunder, all right, title, and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in substantially the form of Annex D hereto (the "Lease Assignment"), and the Lessee and the Guarantors shall acknowledge and consent thereto pursuant to a Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

1.3. Meaning of "Builder" and "Vendor". The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder, and, after any such assignment, 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; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the equipment and any successor or successors for the time being to its manufacturing properties and business. Any reference herein to this Agreement or any other agreement shall mean said agreement and all amendments and supplements hereto or thereto then in effect.

ARTICLE 2

CONSTRUCTION AND SALE

Pursuant to this Agreement the Builder shall construct and conditionally sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for, the Equipment. Each unit of the Equipment shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing by the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter 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 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 will not incorporate any used components, and will not have been used by any person so as to preclude the original use of such unit from commencing with the Vendee.

ARTICLE 3

INSPECTION AND DELIVERY

3.1. Place of Delivery. The Builder will deliver to the Vendee the units of the Equipment at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges and storage charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that the Builder shall not have any obligation to deliver any unit of Equipment hereunder to the Vendee, subsequent to the commencement of any proceedings specified in clause (c) or (d) of paragraph 16.1 hereof or subsequent to the occurrence of any event of default (as described in paragraph 16.1 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 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 as aforesaid or (b) until it receives notice (i) from the Assignee that the conditions contained in Paragraph 8 of the Participation Agreement have been met and (ii) from the Vendee that the conditions contained in Paragraph 9 of the Participation Agreement have been met, or (c) following receipt of notice that there has been a materially adverse change in the condition, financial or otherwise, of the Lessee or of any Guarantor.

3.2. Force Majeure. The obligation of the Builder as to time of delivery is subject, however, to delays resulting from causes beyond the reasonable control of the Builder, 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.

3.3. Exclusion of Equipment. Any Equipment not delivered to the Vendee pursuant to paragraph 3.1 hereof and any Equipment not delivered to the Vendee and accepted by the Vendee hereunder on or before December 31, 1980, shall be excluded from this Agreement. As provided in Section 2 of the Indemnity Agreement, the Lessee may exclude from this Agreement and the Lease any Equipment not delivered to the Vendee and accepted by the Vendee hereunder following five days' written notice by the Lessee to the Builder, the Assignee and the Vendee of the occurrence of a Tax Event (as defined in Section 2 of the Indemnity Agreement dated as of the date hereof between the Vendee, the Lessee and the Guarantors). The Vendee shall be relieved of its obligation to purchase and pay for any Equipment excluded pursuant to this paragraph 3.3. If any Equipment shall be excluded herefrom pursuant to this paragraph 3.3, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. In the event of any such exclusion of any unit of Equipment herefrom pursuant to the foregoing provisions of this paragraph 3.3 or pursuant to paragraph 4.1 hereof, or in the event the Vendee is relieved of its obligations hereunder to accept or pay for any or all units of Equipment in accordance with the terms and conditions hereof for any reason whatsoever, the Lessee will be obligated pursuant to Paragraph 1 of the Participation Agreement to accept all such units delivered by the Builder and to pay the full Purchase Price therefor when due, all in accordance with the terms of its prior contractual arrangements with the Builder relating to the Equipment (the "Purchase Order"), and the Vendee will reassign, transfer and set over to the Lessee all the right, title and interest of the Vendee in and to the units so excluded and the Purchase Order to the extent relating thereto.

3.4. Inspection. 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 its standard quality control practices. Upon completion of each unit or 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 and requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance substantially in the form of Appendix C to the Lease (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with paragraph 10.1 of Article 10 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 14 hereof. By Section 2 of the Lease the Vendee hereby appoints the Lessee its agent to inspect and accept delivery of the Equipment. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) pursuant to § 2 of the Lease or this paragraph 3.4 shall be deemed to be acceptance of such unit by the Vendee.

3.5. Responsibilities of the Builder After Delivery. On delivery to the Vendee hereunder of units of 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 such delivery to and acceptance by the Vendee shall not thereby relieve the Builder of its warranties referred to in Article 14 hereof.

ARTICLE 4

PURCHASE PRICE AND PAYMENT

4.1. Meaning of "Purchase Price"; Exclusion of Units. The base price or prices per unit of the Equipment to be paid by the Vendee to the Builder are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as are provided for in the Purchase Order or as otherwise may be agreed to by the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the Builder's invoice delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in said Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the "Invoice"). If on any

Closing Date (as defined in paragraph 4.2 hereof) the Purchase Price of any Group (as defined in paragraph 4.2 hereof) has not been finally determined, the invoice presented may be for an estimated Purchase Price, subject to adjustment upon determination of the final Purchase Price, and a supplemental invoice may be presented at least 10 days prior to any subsequent Closing Date for settlement on such subsequent Closing Date, or on one occasion for settlement prior to December 31, 1980, for any increase in the Purchase Price, it being understood and agreed by the Builder that any prior preliminary invoice or invoices presented by the Builder shall be in an amount not in excess of the final Purchase Price of such Group. If on any Closing Date the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made would, but for the provisions of this sentence, exceed $19,550,000 (the "Maximum Purchase Price") (or such higher amount as to which the Vendee and the Lessee may have agreed prior to the delivery to the Vendee of the Equipment being settled for on such Closing Date), the Builder (and any assignee of the Builder) will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee and the Lessee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than said Maximum Purchase Price (or such higher amount as aforesaid) and the Vendee shall have no further obligation or liability in respect of units so excluded.

4.2. Settlement and Closing Dates. The Equipment shall be settled for in no more than four groups of units of the Equipment delivered to and accepted by the Vendee. The term "Closing Date" with respect to any Group (as hereinafter defined) shall be such date as is specified by the Lessee by three business days' written notice thereof with the concurrence of the Vendee, the Assignee, and the Builder but in no event shall any such Date be later than December 31, 1980. Such notice shall specify the aggregate Purchase Price of such Group and a copy thereof shall be sent by the Lessee to the Builder, the Assignee and the Vendee. The term "Group", as used herein, shall mean the group of units of Equipment being settled for on any Closing Date. The place of each closing shall be determined by mutual agreement among the parties hereto. At least three business days prior to the Closing Date with respect to a Group of Equipment, the Builder shall present to the Vendee and the Lessee the Invoice for the Equipment to be settled for. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays

and any other day on which banking institutions in Hartford, Connecticut, St. Louis, Missouri, Baltimore, Maryland, or San Francisco, California, are authorized or obligated to remain closed.

4.3. Indebtedness of Vendee to Vendor. Subject to the terms of this Agreement, the Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash or immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 25.67526% of the aggregate Purchase Price of the units of Equipment in such Group; and

(b) in 30 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 thereto pursuant to subparagraph (a) of this paragraph (said portion of the Purchase Price payable in installments under this subparagraph (b) is hereinafter called the "CSA Indebtedness").

4.4. CSA Indebtedness; Payment Dates; Interest. (1) The installments of the CSA Indebtedness shall be payable in 30 consecutive semiannual installments commencing July 1, 1981, to and including January 1, 1996 (each such date being hereinafter called a "Payment Date"). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 13% per annum. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on January 1, 1981, and on each Payment Date thereafter. The amounts of CSA Indebtedness 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 shall completely amortize the CSA Indebtedness at

maturity. The Vendee will furnish to the Vendor and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

(2) If any of the dates for payment of principal or interest is not a business day, such payment shall be payable on the preceding business day.

4.5. Calculation of Interest. Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months except that interest payable on January 1, 1981, shall be computed on an actual elapsed day, 365-day year, basis.

4.6. Penalty Interest. The Vendee will pay interest, to the extent legally enforceable, at the rate of 14% per annum (the "Penalty Rate") upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

4.7. Currency of Payment; Optional Prepayment. 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 Articles 7 and 16 hereof and the next succeeding sentence of this paragraph 4.7, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due. The Vendee shall have the option of prepaying the CSA Indebtedness in whole or in part (in amounts of not less than $1,000,000), on not less than 30 days' prior written notice to the Vendor at a price equal to the principal amount to be repaid and accrued interest to the date of prepayment plus a prepayment premium equal to the applicable Prepayment Premium, expressed as a percentage of the principal amount of CSA Indebtedness to be prepaid, as set forth in paragraph 7.4 hereof; provided, however, that no such prepayment may be made prior to January 1, 1991, directly or indirectly from the proceeds of, or in anticipation of, funds borrowed by either the Vendee or the Lessee having a lower effective interest cost than 13% or a shorter average life to maturity than the then average life to maturity of the principal amount of CSA Indebtedness to be prepaid, all determined in accordance with accepted financial practice, as evidenced by a certificate certified to by the appropriate

financial officer of the Vendee or the Lessee, as the case may be, delivered to the Vendor.

4.8. Liability of Vendee Limited to "Income and Proceeds from Equipment"; Meaning Thereof; Limitation on Execution of Judgments. Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 16 and 17 hereof, except as set forth in this paragraph 4.8), but not limiting the effect of Article 22 hereof, it is understood and agreed by the Vendor 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, with the exception only of the payments to be made pursuant to subparagraph (a) of paragraph 4.3 hereof, the interest payment due under paragraph 4.4 hereof on January 1, 1981, and the proviso to paragraph 13.3 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 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. Except as provided in the preceding sentence, the Vendor agrees that the Vendee shall have no personal liability to make any payments under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Vendee or any assignee of the Vendee.

As used herein the term "income and proceeds from the Equipment" shall mean

(i) if one of the events of default specified in paragraph 16.1 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 or Terminations (as defined in paragraph 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 13 or any other provision of the Lease (except any indemnity paid or payable to the Vendee pursuant to § 6 or § 12 of the Lease or under the Indemnity Agreement) 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) (not including amounts paid by the Lessee to the Vendee as reimbursement of sums paid by the Vendee on account of prior defaults under subparagraph A of § 13.1 of the Lease) 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 or Terminations) 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 amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee or any assignee of the Vendee prior to the existence 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 or Terminations) 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. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 or 17 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, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph.

ARTICLE 5

SECURITY INTEREST IN THE EQUIPMENT

5.1. Vendor To Retain Security Interest; Accessories Are Part of 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 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. Such retention of security interest is solely to secure performance by the Vendee of its obligations under this Agreement (without regard to any provision of this Agreement limiting the liability of the Vendee), and, subject thereto, ownership of the Equipment shall be and remain in the Vendee subject to such performance. Any and all parts installed on and additions and replacements made to any unit of the Equipment (i) which are not readily removable without causing material damage to such unit, (ii) the cost of which is included in the Purchase Price of such unit or (iii) which are required for the operation or use of such unit by the Association of American Railroads and/or the Interstate Commerce Commission, the United States Department of Transportation or any other applicable regulatory body, shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

5.2. Obligations Upon Payment of CSA Indebtedness. Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness in respect of the Purchase Price of the Equipment, together with 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 (a) execute an instrument releasing its security interest in the Equipment and transferring such interest to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such instrument to the Vendee at its address referred to in Article 21 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 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

6.1. General Tax Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Vendee agrees to pay, and to indemnify and hold the Vendor harmless from, all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Vendee, the Vendor, the Lessee or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any unit of the Equipment or any part thereof; the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; or this Agreement, the Assignment, the Lease, the Lease Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Equipment (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Vendor, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its worldwide income without

regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; and (iii) Taxes which are imposed on or measured solely by the net income of the Vendor if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Vendee has not agreed to pay or indemnify against pursuant to this Article 6; provided, however, that the Vendee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in paragraph 6.2 hereof.

6.2. Claims; Contests; Refunds. If claim is made against the Vendor for any Taxes indemnified against under this Article 6, the Vendor shall promptly notify the Vendee and the Lessee. If reasonably requested by the Vendee or the Lessee in writing, the Vendor shall, upon receipt of any indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Vendee or the Lessee, as the case may be, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Vendee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Vendor; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Vendor in any such proceeding or action) without the prior written consent of the Vendor. If the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Vendee in connection with any such contest or an amount representing interest thereon, the Vendor shall pay the Vendee the amount of such refund or interest net of expenses; provided, however, that no event of default set forth in paragraph 16.1 hereof and no event which with notice or lapse of time or both would constitute such an event of default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Vendee under or arising out of this Article 6, the

Vendee shall either make such report or return in such manner as will show the interests of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Vendee.

6.4. Survival. All of the obligations of the Vendee under this Article 6 shall survive and continue, notwithstanding payment in full of all other amounts due under this Agreement.

6.5. Article 6 Subject to Articles 4 and 22. The obligations of the Vendee under this Article 6 are subject to the limitations contained in paragraph 4.8 hereof and in Article 22 hereof.

ARTICLE 7

MAINTENANCE; TERMINATION AND CASUALTY OCCURRENCES

7.1. Maintenance. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order and repair, ordinary wear and tear excepted.

7.2. Termination and Casualty Occurrences. In the event that the Lease is terminated voluntarily pursuant to § 7 of the Lease (hereinafter called a "Termination") or any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7 of the Lease) after settlement has been made for such unit on a Closing Date, the Vendee shall, promptly after it shall have received notice from the Lessee or shall have otherwise been informed of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Except as provided in paragraph 7.3 hereof, on the next succeeding Casualty Payment Date (as defined in the Lease) or, if the Lease is terminated, the Termination Date (as defined in the Lease), the Vendee shall, subject to the limitations contained in paragraph 4.8 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence a sum equal to the Casualty Value (as defined in paragraph 7.3 hereof) of such unit suffering a Casualty Occurrence as of such Casualty Payment Date, together with an amount equal to accrued interest thereon (as hereinafter provided) and (ii) in the case of a Termination, a sum equal to the Termination Value (as defined in paragraph 7.4 hereof) of such unit subject to such Termination as of

the Termination Date. Notwithstanding the provisions of the foregoing sentence, if a unit should suffer a Casualty Occurrence 45 days or less prior to a Rental Payment Date (as defined in the Lease), the Vendee shall pay to the Vendor within 45 days of such Casualty Occurrence the Casualty Value as of such Rental Payment Date of such unit together with accrued interest to such Rental Payment Date plus interest at the rate of 13% per annum computed on such Casualty Value from such Rental Payment Date to the date of such payment. The Vendee shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit or Termination Value of such unit, as the case may be. Any money paid to the Vendor pursuant to this paragraph shall be applied on the date of such payment to prepay ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid (or, in the case of a Termination, the entire CSA Indebtedness). In the case of a Casualty Occurrence, the Vendee shall promptly cause to be furnished 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 the Vendor and the Lessee may request, calculated as provided in paragraph 4.4 hereof.

7.3. Casualty Value. The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof referred to in paragraph 4.3(b) hereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit); provided, however, that if a unit should suffer a Casualty Occurrence after delivery of such unit to the Vendee but prior to settlement for such unit, the Casualty Value shall be the Purchase Price of such unit and shall be payable to the Builder on the next Closing Date following such Casualty Occurrence. For the purpose of this paragraph and paragraph 7.5 hereof, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

7.4. Termination Value. The Termination Value of any unit shall be an amount equal to the sum of (i) the Casualty Value thereof and accrued interest thereon plus (ii) a prepayment premium equal to the product of the multiplication of such Casualty Value by the applicable

percentage set forth below:*

Settlement Date	Prepayment Premium
January 1, 1981	13.00%
July 1, 1981	13.00
January 1, 1982	12.07
July 1, 1982	12.07
January 1, 1983	11.14
July 1, 1983	11.14
January 1, 1984	10.21
July 1, 1984	10.21
January 1, 1985	9.29
July 1, 1985	9.29
January 1, 1986	8.36
July 1, 1986	8.36
January 1, 1987	7.43
July 1, 1987	7.43
January 1, 1988	6.50
July 1, 1988	6.50
January 1, 1989	5.57
July 1, 1989	5.57
January 1, 1990	4.64
July 1, 1990	4.64
January 1, 1991	3.71
July 1, 1991	3.71
January 1, 1992	2.79
July 1, 1992	2.79
January 1, 1993	1.86
July 1, 1993	1.86
January 1, 1994	0.93
July 1, 1994	0.93
January 1, 1995 and thereafter	0.00

7.5. Obligations upon Payment of Casualty Value or Termination Value. Upon payment by the Vendee to the Vendor (i) of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence or (ii) of the Termination Value of any unit subject to a Termination, absolute right to the possession of, title to and property in such unit shall

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* Termination may not occur prior to January 1, 1984, under the Lease. However, pursuant to paragraph 4.7, reference is also made to this table for prepayment premiums under paragraph 4.7 in the event of optional prepayment.

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 passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

ARTICLE 8

INSURANCE PROCEEDS AND CONDEMNATION PAYMENTS

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of any unit suffering a Casualty Occurrence the Vendor shall promptly pay such insurance proceeds or condemnation payments to the Vendee; provided, however, that no event of default shall have occurred and be continuing hereunder and the Vendee shall have made payment of the Casualty Value of such unit, together with accrued interest thereon, to the Vendor. All insurance proceeds received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 9

REPORTS AND INSPECTIONS

On or before March 31 in each year, commencing with the year 1981, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in Section 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10

MARKING OF EQUIPMENT

10.1. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as

provided in Section 5 of the Lease. 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 or on behalf of the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

10.2. No Designations of Ownership. Except as provided in paragraph 10.1 of this Article 10, 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 11

COMPLIANCE WITH LAWS AND RULES

11.1. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any unit of the Equipment, the Vendee will or will cause the Lessee to conform therewith at no expense to the Vendor; 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 opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12

POSSESSION AND USE

12.1. Possession and Use of Equipment by Vendee. 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 the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement. The Vendee agrees that, so long as any amount of the CSA Indebtedness or any interest thereon shall remain outstanding, the Equipment will be used solely within the United States of America except that the Equipment may be used in Canada or Mexico, if and only if such use does not exceed 90 Unit Days (as defined in Paragraph 5(f) of the Participation Agreement) in any year.

12.2. Lease Permitted; Lease Subordinate; No Amendment or Termination. The Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and each of the Guarantors and their 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; provided, however, that so long as (i) no Event of Default (as defined in the Lease) exists under the Lease, and (ii) the Lessee is complying with the provisions of the Consent, the Lease may not be terminated by the Vendor and the Lessee shall be entitled to the rights of possession, use and assignment provided under the Lease. The Lease shall not be amended or terminated without the prior written consent of the Vendor which shall not be unreasonably withheld.

ARTICLE 13

PROHIBITION AGAINST LIENS

13.1. Vendee To Discharge 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, 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 proceedings in any reasonable manner and the nonpayment thereof does not, in the 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 liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

13.2. No Breach for Certain Liens. 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.

13.3. Article 13 Subject to Article 22 Except in Certain Instances. The obligations of the Vendee under this Article 13 are subject to the limitations contained in Article 22 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 its successors or assigns, not arising out of the transactions contemplated hereby or in other documents mentioned herein (but including taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or the Vendee's interest in the Lease and the payments to be made thereunder or result in the bankruptcy or reorganization of the Vendee, but the Vendee shall not be required to pay or discharge any such tax, claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement.

ARTICLE 14

INDEMNITIES AND WARRANTIES

14.1. Indemnification. The Vendee shall pay, and shall protect, indemnify and hold the Vendor and any assignee

hereof, and their respective successors, assigns, agents and servants (hereinafter called "Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including, without limitation, attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising, or alleged to arise out of this Agreement or the Equipment, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any unit of Equipment or portion thereof, (ii) any latent and other defects whether or not discoverable by the Vendee or the Vendor, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Equipment or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Equipment or of any other equipment in connection with the Equipment (whether owned or under the control of the Vendee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Agreement or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Equipment or the leasing, ownership, use, replacement, adaptation or maintenance thereof; or (vii) any claim arising out of the Vendor's retention of a security interest under this Agreement or the Lease Assignment; except that the Vendee shall not be liable to the Builder in respect of any of the foregoing matters to the extent liability in respect thereof arises from an act or omission of the Builder. The Vendee shall be obligated under this Article 14, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Vendee under this Article 14 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Vendee may

and, upon such Indemnified Person's request, will at the Vendee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Vendee and approved by such Indemnified Person and, in the event of any failure by the Vendee to do so, the Vendee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Vendee is required to make any payment under this Article 14, the Vendee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Vendor and the Vendee agree to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article 14 by the Vendee, and provided that no event of default described in Paragraph 16.1 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, it shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (other than the Vendee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Vendee to the extent necessary to reimburse the Vendee for indemnification payments previously made in respect of such matter.

14.2. Survival; No Subrogation. The indemnities contained in this Article 14 shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article 14 shall be deemed to create any rights of subrogation in any insurer or third party against the Vendee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

14.3. Vendee Not Released if Equipment Damaged or Lost. 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 the Equipment.

14.4 Builder Warranties. The Builder represents and warrants to the Vendee that, at the time of delivery of each unit and acceptance of each unit of its 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 arising prior to the delivery of such unit to the Vendee except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

The Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

14.5 Patent Indemnities. The agreements of the Builder relating to its warranties of material and workmanship and patent indemnification are set forth in Annex A hereto.

ARTICLE 15

ASSIGNMENTS

15.1. Assignment by Vendee. The Vendee will not transfer the right to possession of any unit of the Equipment (except to Lessee pursuant to the Lease) or sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor and the Lessee; provided, however, that no such consent shall be necessary if such sale, assignment, transfer or other disposition of its rights by the Vendee under this Agreement is made to a Permitted Transferee (as hereinafter defined) having net worth of at least $35,000,000 or to the parent of the Vendee, and such Permitted Transferee expressly assumes in writing, all of the obligations of the Vendee under this Agreement and the Participation Agreement. As used herein, the term "Permitted Transferee" shall mean any

one of the following:

(a) any company (the "Parent") owning not less than 80% of the capital stock having the right to vote for the election of the directors (the "Voting Stock") of the Vendee, any company (the "Holding Company") owning not less than 80% of the Voting Stock of the Parent, or any company not less than 80% of the Voting Stock of which is owned, directly or indirectly, by the Vendee, the Parent, or the Holding Company;

(b) any bank, bank holding company, savings institution, trust company, or national banking association acting for its own account or in a fiduciary capacity as trustee or agent under any pension, retirement, profit sharing or similar trust or fund;

(c) any insurance company or fraternal benefit society;

(d) any finance or leasing company;

(e) any corporation all of whose Voting Stock is owned by any of the foregoing; or

(f) any person acting as trustee for one or more of the foregoing.

15.2. Assignment by Vendor. 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 its obligations to deliver the Equipment to the Vendee in accordance herewith or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 14 hereof and this Article 15, or any other obligation which, according to its terms or context, is intended to survive an assignment.

15.3. Notice of Assignment by Vendor. Upon any such assignment pursuant to Paragraphs 15.1 and 15.2 hereof, 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.

15.4. No Setoff Against CSA Indebtedness Upon Assignment. The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the 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 CSA Indebtedness in respect of the Vendee's 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 by the Vendee 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 16

DEFAULTS

16.1. Events of Default; Termination of Lease; Declaration of Default; Acceleration of CSA Indebtedness. 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 or cause to be paid in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the

Vendee) and such default shall continue for 10 days after the date such payment is due and payable; or

(b) the Vendee, the Lessee or any Guarantor shall fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Vendee), the Lease Assignment or any covenant, agreement, term or provision of the Participation Agreement made expressly for the benefit of the Vendor, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance, and such default shall continue for 30 days after the earlier of (i) written notice from the Vendor specifying the default and demanding that the same be remedied and (ii) the date on which such default shall first become known to a responsible officer of the Vendee, the Lessee and either Guarantor (as the case may be); or

(c) 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 or any Guarantor 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 and any Guarantor under the Lease 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 appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any other proceeding shall be commenced by or against the Vendee, the Lessee or any Guarantor for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or the Lessee or any Guarantor under the Lease 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 the obligations of the Vendee under this Agreement or the Lessee or any Guarantor under the Lease), 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 or the Lessee under the Lease 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 or the Lessee, or any Guarantor, 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, whichever shall be earlier; 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; provided, however, that if more than 4 Events of Default or more than 2 consecutive Events of Default shall have occurred under clause (A) of § 13.1 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 (including any notice required by the last paragraph of Paragraph 1 of the Lease Assignment) and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) declare (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 such indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable, and/or (ii) subject to the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, cause the term of the Lease to terminate (and the Vendee acknowledges the right of the Vendor to terminate the term of the Lease), provided, however, that such termination shall not be in derogation of or impair the rights of the Vendee or the Vendor (under the assignment thereof), as the case may be, to enforce compliance by the Lessee and any Guarantor with any of their respective cove-

nants and agreements under the Lease or to enforce any of its rights and remedies under § 13 of the Lease (subject to the Vendor's rights to repossess and sell the Equipment as provided in this Agreement), including the rights of the Vendee or the Vendor (under the assignment thereof), as the case may be, to sue for and recover damages provided for in § 13 of the Lease upon the occurrence of an event of default under the Lease. 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 22 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event of which it has knowledge which constituted, constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

Notwithstanding the provisions of the immediately preceding paragraph, it is understood and agreed that upon the making of a Declaration of Default, the Vendor shall provide the Vendee with 10 days' written notice of its intent to terminate the Lease and/or to exercise its remedies under Article 17 hereof and the Vendee shall have the option during such 10-day period to prepay all, but not less than all, the then outstanding CSA Indebtedness plus interest accrued to the date of such payment and the obligations upon payment of the CSA Indebtedness in Paragraph 5.2 hereof shall apply.

16.2. Waiver of Defaults. 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 after written notice to the Vendee and Lessee 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 no Declaration of Default or notice of termination of the Lease had been made or given. 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.

16.3. Vendee's Right to Cure Defaults. Anything in this Agreement to the contrary notwithstanding, in the case of any event of default occurring hereunder by virtue of paragraphs 16.1(a), (b) and (e), the Vendor shall not,

without the prior written consent of the Vendee, exercise any remedy or remedies provided herein or in the Lease in respect thereof during a period (i) of 10 business days in the case of an event described in paragraph 16.1(a) or 16.1(e) and (ii) of 30 calendar days in the case of an event described in paragraph 16.1(b) next following the receipt by the Vendee of written notice constituting a Declaration of Default as above provided. During such period the Vendee shall have the right to cure such event of default; provided, however, that if more than 4 Events of Default or more than 2 consecutive Events of Default shall have occurred under § 13.1(A) of the Lease, any such Event of Default shall be an event of default under this Article 16 whether or not the corresponding event of default hereunder is cured. Such right to cure may be exercised any number of times throughout the term of this Agreement, and each separate event of default occurring hereunder subsequent to an event of default which was theretofore cured by the Vendee shall be subject to the notice requirement and period of grace provided in this paragraph 16.3 during which the Vendor may not exercise its remedies as hereinabove provided. The Vendee shall not obtain any lien, charge, or encumbrance of any kind upon the Equipment or any rentals or other amounts payable under the Lease in respect of any sums paid in connection with the exercise of any rights hereunder, nor shall any claim of the Vendee against the Lessee for the repayment of any sums so paid impair the prior right of the Vendor to the sums payable by the Lessee under the Lease; provided, however, that if no event of default hereunder shall then have occurred and be continuing and if all payments of Conditional Sale Indebtedness and interest thereon then due and owing shall have been made at the time of receipt by the Vendor from the Lessee of an overdue installment of rental or other sum under the Lease in respect of which the Vendee shall have made payment to the Vendor pursuant to this paragraph and/or any interest payable by the Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released to or at the written direction of the Vendee.

ARTICLE 17

REMEDIES

17.1. Vendor May Take Possession of Equipment. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, at any time during the

continuance of a Declaration of Default, and 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, the Vendor may 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 17 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee 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 or the Lessee, subject to all mandatory requirements of due process of law.

17.2. Assembling of Equipment for Vendor. 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, subject to the provisions of Article 4 and Article 22 hereof, at its own 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 or which may have possession thereof to return the unit or units) place such units upon such storage tracks as the Vendor reasonably may designate;

(b) cause such units to be stored on such tracks without charge for insurance, rent or storage until all such units of Equipment have been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the same to be transported to any reasonable place, as directed by the Vendor.

During any storage period, the Lessee has agreed pursuant to § 14.1 of the Lease, at its own cost and expense, to insure, maintain and keep each such unit in good order and repair and to permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence to the

agreement between the parties, and the Vendee acknowledges that upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled under the Lease as assignee of the rights of the Vendee thereunder to a decree against the Lessee 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.

17.3. Vendor May Dispose of or Retain Equipment. At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as provided in Paragraph 17.1 hereof) may, at its election, and upon such notice as 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 21 hereof, and to any other persons to whom the law may require notice, within 30 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 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, 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 17.

17.4. Vendor May Sell Equipment; Vendee's Right of Redemption. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 15 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 written 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 one or more of the units 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, 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.

17.5. Sale of Equipment by Vendor. Any sale hereunder may be held or conducted at St. Louis, Missouri, or New York, 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, the Lessee or any Guarantor may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed as provided in Article 21 hereof. In addition, 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 less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee, the Vendee and any Guarantor to purchase or provide a purchaser, within 10 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 (except to the extent of surplus money received as provided in Paragraph 17.7 hereof), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

17.6. Effect of Remedies and Powers and Exercise Thereof. 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 not inconsistent herewith, and each and every power and remedy 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 shall not otherwise alter or 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 alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

17.7. Deficiencies. 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, subject to the limitations of Paragraph 4.8 hereof and Article 22 hereof, 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 Paragraph 4.8 hereof and Article 22 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.

17.8. Expenses. The Vendee will pay all reasonable fees, costs and 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 reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations set forth in Paragraph 4.8 hereof and Article 22 hereof.

17.9. Remedies Subject to Mandatory Legal Requirements. The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18

APPLICABLE STATE LAWS

18.1. Conflict with 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.

18.2. Waiver of Notices. Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby 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 one or more units 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 and any and all rights of redemption.

ARTICLE 19

FILING

The Vendee will (a) cause this Agreement, any assignments hereof and any amendments or supplements hereto or

thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; (b) promptly cause all necessary filings and recordings, and when required refilings and rerecordings of this Agreement, the Lease, any assignments hereof or thereof, and any amendments or supplements hereto or thereto and/or appropriate financing statements or continuation statements to be made, and from time to time when refiled and rerecorded in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the States of Missouri and California (and if the Vendee or Lessee changes its chief place of business to a different state, in such other state) and in any other state of the United States of America or the District of Columbia where filing is reasonably requested by the Vendee for the purpose of proper protection, to the satisfaction of counsel for the Vendee, of its security interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; (c) 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 title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and (d) the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20

ARTICLE AND PARAGRAPH HEADINGS; EFFECT AND MODIFICATION OF AGREEMENT

20.1. Article and Paragraph Headings for Convenience Only. All article and paragraph headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

20.2. Effect and Modification of Agreement. Except for the Participation Agreement, 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 variation or 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 21

NOTICE

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 its chief place of business at the following specified addresses:

(a) to the Vendee, at One Embarcadero Center, Suite 2601, San Francisco, California 94111, Attention of Executive Vice President with a copy to the attention of Contracts Administration;

(b) to the Builder, at 1400 North 4th Street, Renton, Washington 98055, with copy to General Counsel, PACCAR INC., P. O. Box 1518, Bellevue, Washington 98009, and

(c) 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, by such assignee,

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

ARTICLE 22

IMMUNITIES; SATISFACTION OF UNDERTAKINGS

22.1. No Recourse Against Certain Persons. 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.

22.2. Satisfaction of Certain Covenants. The obligations of the Vendee under Paragraphs 7.1, 12.1, 17.2, 17.7 and 17.8 hereof, and under Articles 6, 9, 10, 11, 13, 14 and

19 hereof and any and all obligations at any time arising thereunder shall be deemed satisfied in full in all respects (except as set forth in Paragraph 13.3 thereof) by the Lessee's and each Guarantor's execution and delivery of the Lease. The Vendee shall not have any responsibility for the Lessee's or any Guarantor'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 16 hereof. No waiver or amendment of the Lessee's or any Guarantor's undertakings under the Lease shall be effective unless joined in by the Vendor; provided, however, that the Vendor shall consent to any agreement in writing between the Lessee and the Vendee increasing or decreasing the rentals, casualty values or termination values payable pursuant to §§ 3 and 7 of the Lease so long as the amounts payable thereunder are not reduced below those necessary to satisfy the obligations of the Vendee hereunder, such consent to be given by the Vendor within 30 days of delivery of a copy of any such agreement to the Vendor.

ARTICLE 23

GUARANTEE OF VENDEE PARENT

The Vendee parent hereby unconditionally guarantees the obligations of the Vendee pursuant to the proviso of paragraph 13.3 of this Agreement and further unconditionally guarantees and covenants that, so long as any of the CSA Indebtedness is outstanding, it shall pay or cause the Vendee to pay all Federal income taxes assessed against the Vendee (other than such taxes which the Vendee may be contesting in good faith by appropriate legal proceedings and which do not, in the judgment of the Vendor, materially and adversely affect the Vendor's interest in the Equipment or in the Lease).

ARTICLE 24

LAW GOVERNING

This Agreement shall be governed and construed in accordance with the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, such additional rights, if any, arising out of the filing, recording or deposit hereof 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 or in which any unit of Equipment shall be located, and such rights, if any, arising out of the marking of Equipment.

ARTICLE 25

EXECUTION

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for convenience, 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.

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

PACCAR INC.,

by _____
Vice President

[Corporate Seal]

Attest:

_____
~~Assistant Secretary~~
VICE PRESIDENT

GATX THIRD AIRCRAFT CORPORATION,

by _____

[Corporate Seal]

Attest:

_____

GATX LEASING CORPORATION,

by _____

[Corporate Seal]

Attest:

_____

STATE OF WASHINGTON,)
) ss.:
COUNTY OF KING,)

On this 10th day of July 1980, before me personally appeared Jack Chantrey, to me personally known, who, being by me duly sworn, says that he is a Vice President of PACCAR INC., 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 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.

Susan L. Johnson
Notary Public

[Notarial Seal]

My Commission expires July 25, 1982

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of GATX THIRD AIRCRAFT 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 CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of GATX LEASING 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

SCHEDULE I

Allocation Schedule of Each $1,000,000 of CSA Indebtedness Payable in (i) One Interim Payment of Interest Only at the Rate of 13% per annum on January 1, 1980, and (ii) 30 Semiannual Installments of Principal and Interest at the Rate of 13% per annum Commencing July 1, 1980

Installment No.		Total Payment	Interest Payment	Principal Recovery	Ending Principal
	(1/1/81)	*	*	$ -0-	$1,000,000.00
1	(7/1/81)	$ 72,092.23	$ 65,000.00	7,092.23	992,907.77
2	(1/1/82)	72,092.23	64,539.01	7,553.22	985,354.55
3	(7/1/82)	72,092.23	64,048.05	8,044.18	977,310.37
4	(1/1/83)	72,092.23	63,525.17	8,567.06	968,743.31
5	(7/1/83)	72,092.23	62,968.31	9,123.92	959,619.39
6	(1/1/84)	72,092.23	62,375.26	9,716.97	949,902.42
7	(7/1/84)	72,092.23	61,743.66	10,348.57	939,533.85
8	(1/1/85)	72,092.23	61,071.00	11,021.23	928,532.62
9	(7/1/85)	72,092.23	60,354.62	11,737.61	916,795.01
10	(1/1/86)	72,092.23	59,591.68	12,500.55	904,294.46
11	(7/1/86)	72,092.23	58,779.14	13,313.09	890,981.37
12	(1/1/87)	72,092.23	57,913.79	14,178.44	876,802.93
13	(7/1/87)	72,092.23	56,992.19	15,100.04	861,702.89
14	(1/1/88)	72,092.23	56,010.69	16,081.54	845,621.35
15	(7/1/88)	72,092.23	54,965.39	17,126.84	828,494.51
16	(1/1/89)	88,112.71	53,852.14	34,260.57	794,233.94
17	(7/1/89)	88,112.71	51,625.21	36,487.50	757,746.44
18	(1/1/90)	88,112.71	49,253.52	38,859.19	718,887.25
19	(7/1/90)	88,112.71	46,727.67	41,385.04	677,502.21
20	(1/1/91)	88,112.71	44,037.64	44,075.07	633,427.14
21	(7/1/91)	88,112.71	41,172.76	46,939.95	586,487.19
22	(1/1/92)	88,112.71	38,121.67	49,991.04	536,496.15
23	(7/1/92)	88,112.71	34,872.25	53,240.46	483,255.69
24	(1/1/93)	88,112.71	31,411.62	56,701.09	426,554.60
25	(7/1/93)	88,112.71	27,726.05	60,386.66	366,167.94
26	(1/1/94)	88,112.71	23,800.91	64,311.80	301,856.14
27	(7/1/94)	88,112.71	19,620.65	68,492.06	233,364.08
28	(1/1/95)	88,112.71	15,168.66	72,944.05	160,420.03
29	(7/1/95)	88,112.71	10,427.30	77,685.41	82,734.62
30	(1/1/96)	88,112.37	5,377.75	82,734.62	(-.00)
		$2,446,407.09	$1,446,407.09	$1,000,000.00	(-.00)

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

Annex A
to
Conditional Sale Agreement

PACCAR INC. (hereinafter in this Annex A called "PACCAR") warrants that the Equipment will be built in accordance with the requirements, specifications and standards set forth or referred to in Article 2 of this Agreement and, except in cases of articles and materials specified by the Lessee and not manufactured by PACCAR, warrants the Equipment to be free from defects in material and workmanship under normal use and service, the liability of PACCAR under this warranty being limited, as the Lessee may elect: (i) to repair the defects at PACCAR's plant; or (ii) to replacement of a defective part; or (iii) to the cost of repair or replacement according to the AAR Code of Rules Governing Condition of and Repairs to Freight and Passenger Cars with Interchange of Traffic. PACCAR shall be given reasonable opportunity to verify to its satisfaction any claim of defects in workmanship or materials.

The foregoing warranty of PACCAR shall begin at the time of delivery of a unit of the Equipment to the Lessee and terminate two years after such delivery. PACCAR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Vendee's and the Lessee's right under the foregoing warranty shall be their sole and exclusive remedy and PACCAR will have no liability for lost profit or for indirect, incidental, consequential or commercial losses. This warranty is expressly in lieu of all other warranties expressed or implied on the part of PACCAR, except for the patent indemnification included in this Annex A, and PACCAR neither assumes nor authorizes any person to assume for it any other warranty liability in connection with the construction and delivery of the Equipment, except as aforesaid.

PACCAR further agrees that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or modification by the Vendee or the Lessee of any of their rights under this Annex A.

Except in cases of articles or materials specified by the Lessee and not manufactured by PACCAR and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by PACCAR, PACCAR agrees to indemnify, protect and hold harmless the Vendee and the Lessee, as third party beneficiary 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 Vendee or the Lessee, their assigns or the users of the Equipment because of the use in or about the construction or operation of any of the equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Lessee, as a condition to being a third party beneficiary of this patent indemnification, likewise will indemnify, protect and hold harmless PACCAR 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 PACCAR because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by PACCAR or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by PACCAR which infringes or is claimed to infringe on any patent or other right. PACCAR agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Lessee every claim, right and cause of action which PACCAR has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Leseee and purchased or otherwise acquired by PACCAR for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. PACCAR further agrees to execute and deliver to the Lessee or the users of the Equipment all and every such further assurance as may be reasonably requested by the Lessee more fully to effectuate the assignment and delivery of every such claim, right and cause of action. PACCAR will give notice to the Lessee of any claim known to PACCAR from which liability may be charged against the Lessee hereunder and the Lessee will give notice to PACCAR of any claim known to the Lessee from which liability may be charged against PACCAR hereunder. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

Upon written request of the Lessee, PACCAR agrees to confirm in writing to the Lessee that the foregoing indemnifications and warranties may be enforced by the Lessee against PACCAR.

Annex B
to
Conditional Sale Agreement

Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price*	Estimated Total Base Price*	Estimated Time and Place of Delivery
62'-6" 100 Ton, Steel Sheath insulated "RBL" cars	RBL	PACCAR INC. PC-662 October 17, 1978, as amended	Renton, Washington	250	MRS 2500-2749	$71,500	$17,875,000	July-December 1980 at Renton, Washington

* Including freight charges from Builder's plant to St. Louis, Missouri, to be prepaid by Builder.

ANNEX C
to
Conditional Sale Agreement

[CS&M Ref. 1413-016]

LEASE OF RAILROAD EQUIPMENT

Dated as of May 20, 1980

among

ST. LOUIS REFRIGERATOR CAR COMPANY,

Lessee,

ANHEUSER-BUSCH, COMPANIES, INC.,
and
ANHEUSER-BUSCH, INC.,

Guarantors,

GATX THIRD AIRCRAFT CORPORATION,

Lessor,

and

GATX LEASING CORPORATION,

Vendee Parent.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of May 20, 1980, among ST. LOUIS REFRIGERATOR CAR COMPANY, an unincorporated common law trust (the "Lessee"), ANHEUSER-BUSCH, INC., a Missouri corporation and ANHEUSER-BUSCH COMPANIES, INC., a Delaware corporation (hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors"), GATX THIRD AIRCRAFT CORPORATION, a Delaware corporation (the "Lessor"), and GATX LEASING CORPORATION, a Delaware corporation (the "Vendee Parent").

WHEREAS the Lessor and the Vendee Parent are entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Paccar Inc., a Delaware corporation (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Appendix A hereto;

WHEREAS the Builder is assigning certain of its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof (the "Assignment") to Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation, acting as agent for certain investors under a Participation Agreement dated as of the date hereof (the "Participation Agreement") among said agent, the Lessee, the Guarantors, the Lessor and Aetna Life Insurance Company (the "Original Investor", and together with its assigns, the "Investors") (said agent as so acting, being hereinafter, together with the Investors and its and their successors and assigns, called the "Vendor");

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

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") dated as of the date hereof and the Lessee and each of the Guarantors will acknowledge and consent thereto pursuant to the Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

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 delivered to and accepted by the Lessor under the CSA to the Lessee upon the following terms and conditions:

§ 1. NET LEASE

This Lease is a net lease. Each of the Lessee's and the Guarantors' obligations to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, neither the Lessee nor any Guarantor shall be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee or any Guarantor against the Lessor under this Lease or the CSA including the Lessee's and the Guarantors' rights by subrogation thereunder to the Builder, 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, the prohibition of or other restriction against the Lessee's or the Guarantors' 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 against the Lessee or any Guarantor, 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, each of the Lessee and the Guarantors 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 or any Guarantor hereunder shall be final and neither the Lessee nor such

Guarantor shall seek to recover all or any part of such payment (except for any excess payment made in error) from the Lessor or the Vendor for any reason whatsoever.

§ 2. DELIVERY AND ACCEPTANCE OF UNITS

The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessor under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Lessor. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor under the CSA and on behalf of itself hereunder and execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") 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 of such Certificate of Acceptance and is marked in accordance with § 5.1 hereof, whereupon 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.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments payable, in arrears, on January 1 and July 1 of each year, commencing on July 1, 1981, to and including January 1, 1996 (each such date hereinafter referred to as a "Rental Payment Date"). In respect of each Unit subject to this Lease, (a) each of the first 15 semiannual rental payments shall be in an amount equal to 5.358237% multiplied by the Purchase Price of each such Unit, and (b) the last 15 semiannual rental payments shall be in an amount equal to 6.548955% multiplied by the Purchase Price of each such Unit.

The Lessee and the Lessor agree that, except as hereinafter provided the rentals payable hereunder and the Casualty Value percentages set forth in Appendix B hereto will be adjusted upward or downward to reflect the occurrence

of any Closing Date on a date which causes September 1, 1980 (the 243rd day of 1980), not to be the average of all Closing Dates for all Units (such average of all Closing Dates to be a weighted average determined by (i) multiplying the number of Units purchased by the Lessor on each Closing Date by the actual number of days elapsed from and including January 1, 1980, to such Closing Date (the "Equipment Days"), (ii) adding together the Equipment Days for all Closing Dates ("Total Equipment Days"), and (iii) dividing such Total Equipment Days by the aggregate number of Units purchased by the Lessor and leased hereunder.

Any such rental adjustment will be effective as of July 1, 1981, and will be made in such manner as will result in the Lessor's reasonable judgment, in preserving for the Lessor both the after-tax rate of return and the after-tax cash flow that would have been realized by the Lessor had such event not occurred, (i) based on the rates of Federal, state and local taxes on, or measured by, net income in effect from time to time, and (ii) in all other respects based on the assumptions and methods of calculation utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents. Any provision hereof to the contrary notwithstanding, the rentals payable hereunder and Casualty Value percentages will never be less than those amounts and percentages required to enable the Lessor to satisfy its obligations to pay or repay the CSA Indebtedness and interest thereon, regardless of any limitation of liability set forth in the CSA. The Lessor shall furnish the Lessee and the Vendor prior to the effective date of such rental adjustment with a notice setting forth in reasonable detail the computations and methods used in computing such rental adjustment.

3.2. Payments on Nonbusiness Days. If any Rental Payment Date referred to in § 3.1 is not a business day the rental payment otherwise payable on such date shall be payable on the preceding 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 Hartford, Connecticut, St. Louis, Missouri, Baltimore, Maryland, and San Francisco, California, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Lessor. Upon execution and delivery of the Lease Assignment and until the Vendor shall have advised the Lessee in writing that all sums

due from the Lessor under the CSA have been fully satisfied and discharged, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease to the Vendor, for the account of the Lessor, in care of the Vendor, with reference to the instructions delivered to the Vendor by the Lessee on the Documents Closing Date (as defined in the Participation Agreement) (a) first to apply such payments to satisfy the obligations of the Lessor under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance forthwith to the Lessor or to the order of the Lessor in immediately available funds at such place as the Lessor shall specify in writing. If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Vendor in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied, the semiannual installments of rental due hereunder, and any payments with respect to Casualty Occurrences or Terminations thereafter due pursuant to § 7 hereof shall be made to the Lessor in immediately available funds in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 11:00 a.m. in the city where such payment is to be made.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery of such Unit under the CSA and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee and Guarantors Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee and each of the Guarantors under this Lease and in and to the Units are subject to the rights 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) without affecting the indemnities which by the provisions of this Lease survive the termination of its term, all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder and (ii) the Lessee is complying with the provisions of the Consent, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification 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, permanently 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 property in such Unit and the rights of the Lessor under this Lease and of 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 on both sides thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification 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 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, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates, but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. GENERAL TAX INDEMNIFICATION

The Lessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify on an after-tax basis the Lessor and the Vendor and their successors and assigns and any affiliate of any of the foregoing (the "Indemnified Persons") against all taxes, assessments, fees, withholdings, and other governmental charges of any nature whatsoever, including, without limitation, penalties and interest (all such taxes, assessments, fees, withholdings, governmental charges, penalties and interest being hereinafter called "Taxes"), imposed on, incurred by, or asserted against any Indemnified Person or any Unit in whole or in part on account of, or with respect to, this Lease or the CSA or any document referred to herein or therein or any of the transactions contemplated hereby or thereby or the manufacture, purchase, acceptance or rejection of the Units or any portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, transfer of title, operation, maintenance, repair, condition, sale, return, or other disposition of the Units or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom by any Federal, state, or local governmental taxing authority or by any foreign government or any international organization or any subdivision or taxing authority thereof; provided, however, that there shall be no indemnification thereunder: (i) for any Taxes imposed on or measured by any fees or compensation received by any Indemnified Person (other than payments made to the Lessor pursuant to the Participation Agreement or any exhibits thereto); (ii) for any Federal, state, or local taxes on, measured by or based upon net income (including any such Tax imposed by the state or any political subdivision thereof where the applicable Indemnified Person maintains its principal place of business ("home jurisdiction")) and any capital gains taxes, excess profits taxes, minimum taxes for tax preferences, accumulated earnings taxes and personal holding company tax, of any Indemnified Person; (iii) for franchise and value added taxes which are in lieu of such net income taxes; (iv) for gift taxes; (v) for Federal, state, or local inheritance taxes; (vi) for any tax imposed on or

measured by the capital or net worth of any Indemnified Person; (vii) for any tax imposed upon the capital, net worth, net income, loans or other investments of the applicable Indemnified Person; and (viii) for penalties and interest to the extent accrued by reason of the negligence, misconduct, or default of the party to be indemnified; provided, however, that the foregoing exclusions described in (ii), (iii) and (vi) above shall not apply to any aggregate net increase (net of any readily calculable off-setting state and local tax benefits) in such Taxes imposed on the Lessor by state, local, and other taxing authorities in the United States (other than the Taxes referred to in clauses (ii), (iii), and (vi) by the home jurisdiction). The Lessee shall pay all Taxes for which it assumes liability hereunder when such Taxes are due and will indemnify each Indemnified Person to the extent required by this § 6 within 30 days after receipt of a written request by such Indemnified Person for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes in question; provided, however, that if any Taxes are being contested in accordance with the seventh paragraph in this § 6, any payment shall be made at the time therein provided.

In the event that any Taxes indemnified under this § 6 are credited against or deducted in computing the United States Federal income tax liability, or home jurisdiction tax liability, or both, of any Indemnified Person, then to the extent such credit or deduction results in an actual reduction in the United States Federal income or home jurisdiction tax liability of such Indemnified Person, such party shall repay to the Lessee an amount which, after taking into account all tax benefits resulting from such repayment, is equal to such reduction.

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 first paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements, or reports with respect to Taxes other than (i) with respect to Federal, state or local income tax, or (ii) any tax to the extent measured in whole or in part by any fees or compensation paid to the Lessor or Vendor, or (iii) any other tax excluded from indemnity hereunder, are required to be made, the Lessee will

make such returns, statements and reports in such manner as is consistent with the interest of the Lessor and the Vendor in such Units; provided, however, that the Lessor shall, with respect to any state or political subdivision thereof of the United States of America, file such returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges arising from the value added to the Unit by the Lessor, as the Lessee shall determine are required to be filed, and as shall be prepared by the Lessee, and shall remit the amount thereof upon payment by the Lessee to the Lessor (such payment to be made promptly upon demand by the Lessor therefor) of such taxes, fees, and charges except as provided above. To the extent that the Lessor has information necessary to the preparation of such returns, statements, and reports, it will furnish such information to the Lessee. Each Indemnified Person agrees that it will promptly forward to the Lessee any written notice, bill, or advice received by it concerning any Taxes for which it intends to seek indemnification hereunder and will use its best efforts and take such lawful and reasonable steps as may be requested by the Lessee to minimize any such Taxes for which the Lessee is responsible under this § 6.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in the name of the Lessor and on its behalf; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit its compliance with the requirements of taxing jurisdictions.

If an Indemnified Person receives a written notice from any taxing authority asserting liability for any Taxes or proposing an increase in the liability of any Indemnified Person for any such Taxes (such assertion or such proposed increase being hereinafter called a "Claim"), indemnification for which would be required under this § 6, the Indemnified Person will notify the Lessee within a reasonable time of

such Claim in writing. If the Lessee delivers to such Indemnified Person written notice of its desire to contest such Claim within 30 days after receipt of notice from such Indemnified Person together with an opinion of independent tax counsel that there exists a reasonable basis for contesting such Claim, such Claim will be contested in accordance with this paragraph except to the extent such Claim represents amounts payable to the Vendor under Article 6 of the CSA. The Indemnified Person shall have the exclusive right to conduct the contest unless such is waived in writing, in which event the contest and all preparation therefor shall be the sole responsibility of the Lessee and, in either case, shall be conducted entirely at its expense. Such Indemnified Person will cooperate with any reasonable request made by the Lessee in connection therewith; provided, however, that such Indemnified Person may in its sole discretion determine in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund, and such Indemnified Person shall not be required to take any action pursuant to this paragraph unless and until the Lessee shall have agreed to pay such Indemnified Person on demand all costs and expenses which such Indemnified Person may incur in connection with contesting such Claim (including fees and disbursements of counsel). If in any such contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to such Indemnified Person on an interest-free basis sufficient funds to pay the Taxes which are to be contested. Upon receipt by any Indemnified Person of a refund of any Taxes paid by the Lessee pursuant to this paragraph, the amount of such refund and an amount equal to the applicable statutory rate of interest payable with respect to such refunds by the applicable governmental authority shall be paid to the Lessee forthwith upon receipt of the refund by such Indemnified Person.

The Lessor will permit the Lessee to contest any Claims which the Lessor has the right to contest under Article 6 of the CSA in accordance with the rights of the Lessor thereunder.

The Lessee covenants and agrees to pay all amounts due under this § 6 free of any Taxes and to indemnify each Indemnified Person against any Taxes imposed by reason of any payment made by the Lessee so that the Indemnified Person to whom or for whose benefit the payment is made shall receive an amount which, net of any Taxes or other charges required to be paid by such Indemnified Person in respect thereof,

shall be equal to the amount of payment otherwise required hereunder.

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

§ 7. PAYMENT FOR CASUALTY OCCURRENCES; TERMINATION; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit of Equipment shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to § 14 or 17 hereof, or any Unit shall have been returned to the Builder pursuant to the patent indemnity provisions of the CSA or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof (such occurrences being hereinafter called "Casualty Occurrences"), the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. Except as provided in § 7.5 hereof, on the next succeeding Rental Payment Date (each such date being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Lessor a sum equal to the Casualty Value (as defined in § 7.5 hereof) of any such Unit as of such Casualty Payment Date, plus the semiannual rental in respect of such Unit accrued as of such Rental Payment Date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to § 14 or 17 hereof, the Lessee shall make such payment to the Lessor on a date 30 days after such Casualty Occurrence; provided further, that if a Casualty Occurrence should occur 45 days or less prior to a Rental Payment Date, the Lessee shall pay to the Lessor within 45 days of such Casualty Occurrence the Casualty Value as of such Rental Payment Date plus interest at the rate of 13% per annum computed on such Casualty Value from such Rental Payment Date to the date of

such payment and shall pay the semiannual rental in respect of such Unit accrued as of such Rental Payment Date on such Rental Payment Date. 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, as between the Lessor and the Lessee, in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Lessor shall be entitled to recover possession of such Unit, subject to the right of the Lessee to dispose of such Unit as agent for the Lessor as provided in the third paragraph of this § 7.1.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Lessor with respect thereto and pay the Lessor, as the Casualty Value therefor, an amount equal to 47.050% of the Purchase Price of such Unit. All payments received by the Lessor or the Lessee from the United States Government or any other governmental entity 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.

Following any payment of Casualty Value by the Lessee, the Lessee shall be entitled to receive and retain for its own account all condemnation payments in respect of such Unit. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then, upon notice to the Lessor, the Lessee shall dispose of such Unit as agent for the Lessor, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value previously paid to the Lessor, and the balance of such proceeds shall be promptly paid to the Lessor. In the event such Unit shall be returned by the governmental entity, such Unit shall be retained by the Lessee and the Lessee shall thereupon be vested with all rights, title and interest of the Lessor to

such Unit, provided that the Lessee has paid to the Lessor the Casualty Value of such Unit.

7.2. Requisition Not Constituting a Casualty Occurrence. In the event of the requisition for use (i) by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof) or (ii) by any other governmental entity, which does not result in a loss of possession by the Lessee for a period of 90 consecutive days, 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. All payments received by the Lessor or the Lessee from the United States Government or any other governmental entity 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.

7.3. Lessee to Retain Units Suffering a Casualty Occurrence. Provided that the Lessee has previously paid the Casualty Value of a Unit to the Lessor, such Unit and any proceeds thereof shall be retained by the Lessee and the Lessee shall thereupon be vested with all rights, title and interest of the Lessor to such Unit and any proceeds thereof.

7.4. Payments After Expiration of Lease. If the date upon which the making of the payment by the Lessee in § 7.1 hereof in respect of any Unit is required as aforesaid shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value. The Casualty Value of each Unit as of the Casualty Payment Date on which payment is to be made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Annex B hereto opposite the Casualty Payment Date next succeeding the actual date of such Casualty Occurrence, or if there is no such Casualty Payment Date, the last Casualty Payment Date; but in no event shall such amount be less than the Casualty Value (as defined in paragraph 7.3 of the CSA) as of such Casualty Payment Date; provided, however, that if a Unit should suffer a Casualty Occurrence after delivery of such Unit to the Vendee but prior to settlement for such Unit, the Casualty Value of such Unit shall be the Purchase Price of such Unit and shall be payable on the next Closing Date following such Casualty Occurrence.

7.6. No Release. 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.

7.7. Insurance To Be Maintained. (1) The Lessee will (i) at all times prior to the return of the Units to the Lessor at its own expense, cause to be carried and maintained public liability insurance with respect to third party personal injury and property damage and (ii) may, at its option, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto; provided, however, that if, in the reasonable opinion of the Lessor or the Vendor, the Lessee's or either Guarantor's financial condition has materially and adversely changed from its condition as of the date hereof such that property insurance on such Units is required to assure the Lessor's or either Guarantor's ability to meet their respective obligations under the Lease, the Lessor or the Vendor shall so notify the Lessee and the Lessee shall promptly arrange for insurance to be carried and maintained on such Units. The Lessee will carry such insurance in such amounts, for such risks, with such deductibles and with such insurance companies, satisfactory to the Lessor and the Vendor and in any event consistent with prudent industry practice and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units. The proceeds of any such insurance shall be payable to the Vendor, the Lessor and the Lessee, as their respective interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Lessor, and, so long as there is no Event of Default hereunder, the Lessee as their respective interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation, expiration or material change in coverage to the Lessor and the Vendor, (ii) name the Lessor and the Vendor as additional named insureds as their respective interests may appear and (iii) waive any right to claim any premiums or commissions against the Lessor and the Vendor. In the event such policies shall contain breach of warranty provisions such policies shall provide that in respect of the interests of the Lessor and the Vendor in such policies the insurance shall not require contributions from other policies held by the Lessor or the Vendor and shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor and the Vendor, respectively) and

shall insure the Lessor and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor or the Vendor, respectively). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7, the Lessee shall deliver to the Lessor certificates issued by the insurer(s) for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of any certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the certificate upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

7.8. Insurance Proceeds, Condemnation Payments and Other Proceeds. If the Lessor shall receive (directly or from the Vendor) any insurance proceeds, condemnation payments or other proceeds in respect of such Units suffering a Casualty Occurrence, the Lessor shall pay the entire amount of such proceeds or payments to the Lessee; provided, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Lessor. All insurance proceeds received by the Lessor (directly or from the Vendor) 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.

7.9. Economic Obsolescence. In the event that the Lessee shall, in its reasonable judgment, determine that the Units have become surplus to its need or obsolete in the Lessee's business, the Lessee shall have the right, at its option and on at least 120 days' prior written notice to the Lessor, to terminate (a "Termination") this Lease as to all the Units as of any Rental Payment Date on or after Janu-

ary 1, 1984, specified in such notice (the "Termination Date"); provided, however, that (i) no Event of Default or other event which after the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing and (ii) on the Termination Date each Unit shall be in the same condition as if being redelivered pursuant to § 14 hereof.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all Units, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date, unless the Lessee shall have revoked its option to terminate this Lease, the Lessor shall sell all Units for cash to the bidder who shall have submitted the highest bid prior to the Termination Date, shall warrant to such bidder that the title to such Units shall be free and clear of all liens, claims and encumbrances and shall covenant to discharge all liens, claims and encumbrances arising from, through or under the Lessor. The total sale price realized at such sale shall be applied to the prepayment of the CSA Indebtedness in accordance with Article 7 of the CSA and any balance shall be retained by the Lessor.

On such Termination Date, the Lessee shall pay to the Lessor (i) the excess, if any, of the Termination Value for each Unit computed as of such date over the sale price of such Unit after the deduction of all expenses incurred by the Lessor in connection with such sale and (ii) the rental payment due on such Termination Date. The Termination Value of each Unit as of the payment date on which payment is to be made shall be the Casualty Value as of such date plus an amount equal to the prepayment premium, if any, payable pursuant to Article 7 of the CSA on such date in respect of the CSA Indebtedness to be prepaid by the Lessor on such Date. In no event shall the aggregate amount retained by the Lessor and received by the Lessor as aforesaid be less than the Termination Value (as defined in the CSA) as of such date.

If no sale shall occur on the date scheduled therefor as provided above, this Lease shall continue in full

force and effect without change unless and until the Lessee pays to the Lessor the Termination Value of each Unit and returns each Unit to the Lessor pursuant to § 14 hereof; provided, however, that this Lease shall not terminate as to any Unit unless the CSA Indebtedness in respect of all Units is prepaid on the Termination Date pursuant to Article 7 of the CSA.

In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of the Units on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

If the Lessee shall exercise its option to terminate, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given 90 days after the termination notice is given to the Lessor, elect to retain the Units, in which case the Lessee shall not be obligated to pay the Termination Value to the Lessor; provided, however, that such written notice shall not be effective and this Lease shall not terminate unless the Lessor shall first have deposited with the Vendor sufficient funds to prepay the CSA Indebtedness on the Termination Date pursuant to Article 7 of the CSA, together with all accrued interest and applicable prepayment premium. In the event the Lessor shall so elect to retain the Units, the Lessee shall deliver the Units to the Lessor in accordance with the provisions of § 14 hereof.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and

covered by the CSA, the total number, description and identification 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 repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof and by the CSA have been preserved or replaced (c) stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Unit and that no event has occurred which with the lapse of time or notice or both would constitute an Event of Default and (d) further identifying those Units to which the Lessee has made additions and accessions pursuant to § 11.2 of this Lease and describing such additions and accessions and the cost thereof. The Lessor and the Vendor shall each 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 or the Vendor may request during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES; WARRANTY OF TITLE

THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY 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 DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR 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 the CSA; 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 or the Vendor based on any of the foregoing matters.

The Lessor warrants that, upon its leasing of the Units of Equipment to the Lessee pursuant to this Lease, title to the Units shall be of the same quality as was conveyed to the Lessor by the Builder. The Lessor covenants that, during the term of this Lease, or during any renewal term thereof, the Lessor shall not create, suffer or permit any liens or encumbrances on the Units in favor of any person claiming by, through or under the Lessor (other than the Vendor or the Lessee) and, should any such liens or encumbrances arise during the term of this Lease or during any renewal term thereof, the Lessor shall promptly discharge all such liens or encumbrances.

§ 10. LAWS AND RULES

10.1. Compliance. 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 laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administra-

tive or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition 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 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.

10.2. Reports by Lessor. The Lessee agrees to prepare and deliver to the Lessor and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and the Vendor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee. The Lessor agrees to inform the Lessee of any request for such reports received by the Lessor.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the interchange rules of the American Association of Railroads or other applicable regulatory body, and in the same condition as other similar Equipment owned or leased by the Lessee.

11.2. Additions and Accessions. (1) Except as set forth in §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to

the extent such additions, modifications or improvements are made in order to comply with § 11.2(2) hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of its agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required 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, for the operation or use of such Unit in railroad interchange, 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 and except for liens arising by, through or under the Lessor) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee and each of the Guarantors shall pay, and shall protect, indemnify and hold the Lessor and the Vendor and any assignee thereof, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent and other defects whether or not discoverable by the Lessor, the Vendor or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort;

(v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Lessor, the Lessee, any Guarantor or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, except that the Lessee shall not indemnify an Indemnified Person to the extent any such violation arises from the negligence, misconduct or default of such Indemnified Person; or (vii) any claim arising out of any of the Lessor's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except that the Lessee shall not indemnify an Indemnified Person to the extent such claim arises from the negligence, misconduct or default of such Indemnified Person and except further that the Lessee shall not be obligated by this Article 12 to indemnify an Indemnified Person with respect to any loss described in the Indemnity Agreement. The Lessee and each of the Guarantors shall jointly and severally be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's and Guarantors' expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee or any Guarantor and approved by such Indemnified Person and, in the event of any failure by the Lessee or any Guarantor to do so, the Lessee or such Guarantor shall pay all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee or any Guarantor is required to make any indemnification payment under this § 12, the Lessee or such Guarantor shall

pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Lessor each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12 by the Lessee or any Guarantor, the Lessee or such Guarantor, as the case may be, shall be subrogated to any right of such Indemnified Person (except where the Lessee is also indemnifying a person against whom the Indemnified Person has rights) in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee or any Guarantor pursuant to this § 12.1 shall be paid over to the Lessee or such Guarantor, as the case may be, to the extent necessary to reimburse the Lessee or such Guarantor for indemnification payments previously made. Nothing in this § 12.1 shall constitute a guarantee by the Lessee or any Guarantor of the CSA Indebtedness of the Lessor under the CSA or a guarantee of the residual value of any Unit.

12.2. Indemnification of the Lessor and the Vendor. The Lessee and the Guarantors further agree to indemnify, protect and hold harmless the Lessor and the Vendor, 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 and the Lessor because of the use in or about the construction or operation of any of the Equipment 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 from which liability may be charged against such Builder hereunder.

12.3. Survival. The indemnities contained in this § 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee or any Guarantor therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any amount provided for in § 3, 7 or 16 hereof, and such default shall continue for 10 days (provided that payment by a Guarantor within such 10-day period shall not be deemed a default under this § 13.1(a)).

(B) the Lessee or any Guarantor 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;

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee or any Guarantor contained herein, in the Participation Agreement or the Indemnity Agreement (as defined in the Participation Agreement) and such default shall continue 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) any representation or warranty made by the Lessee or any Guarantor herein, in the Participation Agreement or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreements, proves untrue in any material respect as of the date of issuance or making thereof;

(E) a petition for reorganization under Title 11 of the United States Code, as now constituted or as may hereafter be amended, shall be filed by or against the Lessee or any Guarantor 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 or such Guarantor under this Lease 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 appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed;

(F) any other proceedings shall be commenced by or against the Lessee or any Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder 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 or such Guarantor 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 or such Guarantor under this Lease 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 Lessee or such Guarantor or for the property of the Lessee or such Guarantor in connection with any 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 proceedings shall have been commenced;

(G) an event of default set forth in Article 16 of the CSA shall have occurred and be continuing arising out of any default by the Lessee or any Guarantor in performing any of its obligations hereunder;

(H) default shall be made with respect to any evidence of indebtedness or with respect to any liability for borrowed money, in excess of $50,000,000, of the Lessee or any Guarantor or the performance of any other obligation incurred in connection with any such indebtedness or liability if the effect of such default is to permit the holder or obligee thereof (or a trustee on behalf of such holder or obligee) to cause any such indebtedness to become due prior to its stated maturity;

(I) any evidence of indebtedness or any liability for borrowed money, in excess of $50,000,000, of the Lessee or any Guarantor shall not be paid as and when due and payable (including any applicable grace period);

(J) any event shall occur which permits any person (other than the holders of common stock) to elect a majority of the members of the Board of Directors or other governing body of the Lessee or any Guarantor.

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

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days

less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee or any Guarantor as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Lessor, in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, (such present value to be computed on the basis of a 10% per annum discount, compounded semiannually from the respective dates upon which rental would have been payable hereunder had this Lease not been terminated) over the then present value of the rental (determined (at the Lessee's expense) by an independent appraiser) to be obtainable for each Unit during such period or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount determined by an independent appraiser (at the Lessee's expense) to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable by the Lessee or any Guarantor pursuant to the preceding clause (ii) with respect to such Unit shall demand that the Lessee or such Guarantor pay the Lessor and the Lessee or such Guarantor shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

13.2. Remedies Not Exclusive; Waiver. 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 and the Guarantors hereby waive 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. The Lessee and the Guarantors hereby waive any and all existing or future claims to any offset against the rental payments due hereunder, and agree to make such payments regardless of any offset or claim which may be asserted by the Lessee or any Guarantor or on behalf of either of them.

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

13.4. Notice of Event of Default. The Lessee and the Guarantors agree 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 § 13.4, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee or any Guarantor in this Lease contained, any corporate officer of the Lessee or such Guarantor who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 13 hereof or pursuant to Article 16 of the CSA, 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, reasonable wear and tear excepted, and shall have attached or affixed thereto any special device considered an accession thereto as provided

in § 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units 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 or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks as the Lessor reasonably may designate;

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

(c) cause the same to be transported to any reasonable place within the continental United States 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 and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in the manner set forth in § 11.1 hereof, insure the Units in accordance with the provisions of § 7.7 hereof and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease whether as a result of an Event of Default or otherwise 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 .0297677% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

14.2. Lessor Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, 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.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Lessor upon prior written consent of the Lessee, which consent shall not be unreasonably withheld. The Lessee hereby consents to the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (a) no Event of Default exists hereunder and (b) the Lessee is complying with the provisions of the Consent, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA. The Lessee agrees to use the Units solely within the United States of America except that the Lessee may use the Units outside of the United States if but only if (i) the use of such Units outside the United States 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, (ii) not more than 15% of the Units subject to this Lease are located outside of the United States of America at any one point in time and (iii) such use outside of the United State does not exceed 90 Unit Days (as defined in Paragraph 5(f) of the Participation Agreement) in any one year. Without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as provided in paragraph (2) below of this § 15.2. The Lessee, at its own expense, will forthwith pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien,

charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests of the Lessor and the Vendor) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to assign its rights to the Units or to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA and without affecting the Lessee's obligations hereunder which shall continue in full force and effect; provided, however, that the Lessee shall not assign, sublease or permit the assignment, sublease or use of any Unit predominantly outside the United States of America within the meaning of Section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor shall the Lessee assign or sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code; and provided further, that the Lessee shall not without the Lessor's prior written consent assign, sublease, or permit the assignment, sublease or use of the Units by any person (i) who shall then be in default under any instrument evidencing indebtedness or with respect to any liability for borrowed money or for the deferred purchase price of property or (ii) who shall then be engaged in any proceedings for relief under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions of indebtedness. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph

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 expressly subject and subordinate 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 hereunder and shall provide that, upon the occurrence of an Event of Default hereunder, all payments to be made thereunder shall be payable to the Lessor or its assignee; provided further, however, that (a) so long as no Event of Default exists under this Lease and (b) the Lessee is complying with the terms of the Consent, the sublessee shall be entitled to the possession of the Units included in the sublease and the use thereof.

15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this § 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of 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) 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, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease; provided, however, that unless the net worth of such assignee or transferee (consolidated with its parent) is equal to or greater than that of the Lessee and the Guarantors (on a consolidated basis) immediately following such merger, consolidation or acquisition, such assignment or transfer shall not release the Guarantors from their obligations hereunder, and under the Consent and the Indemnity Agreement.

§ 16. RENEWAL OPTION; RIGHT OF REFUSAL

16.1. Renewal for Successive Period. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, (i) the Lessee may, by written notice delivered to the Lessor not less than 180 days nor more than 270 days prior to the end of the original term

of this Lease in respect of the Units still subject to this Lease, elect to extend such original term of this Lease in respect of all but not less than all the Units then covered by this Lease for a period of five years (the "first extended term") commencing on the scheduled expiration of such original term of this Lease, at a semiannual rate of 3.6% of the Purchase Price of each Unit then subject to this Lease, payable in semiannual payments in arrears, on each semiannual anniversary of the original term, and (ii) the Lessee, if it has elected as aforesaid, may also, by written notice delivered to the Lessor not less than 180 days prior to the end of the first extended term, elect to further extend the term of this Lease in respect of all but not fewer than all the Units then covered hereby for an additional period of five years (the "second extended term") commencing on the scheduled expiration of the first extended term, and (iii) the Lessee, if it has elected as aforesaid, may also, by written notice delivered to the Lessor not less than 180 days prior to the end of the second extended term, elect to further extend the term of this Lease in respect of all but not fewer than all the Units then covered hereby for an additional period of five years (the "third extended term") commencing on the scheduled expiration of the second extended term. The amount of rentals for the second and third extended lease terms shall be at a "Fair Market Rental" payable in semiannual payments, in arrears, on each semiannual anniversary of the original term in each year of such extended term. In the event of any such renewal, the Casualty Value payable in respect of a Casualty Occurrence involving any Unit shall be determined by mutual consent of the Lessor and the Lessee, failing which, such Casualty Value shall be determined in the manner set forth for the determination of Fair Market Rental in § 16.2(2) hereof.

16.2. Determination of Fair Market Rental.
(1) Fair Market Rental shall be determined for the second and third extended terms of this Lease 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 on the assumption that the Units are in the condition required by § 17 hereof, and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental; provided, however, that in no event shall the basis of the Fair Market Rental with respect to which the Lessee's rent for the second extended term is

calculated exceed 60% of Purchase Price of all Units then subject to this Lease.

(2) If, after 30 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 the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by 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 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 25 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 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 55 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 appraisal 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 consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be divided equally between the Lessee and the Lessor.

16.3. Right of Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, and provided further that the Lessee has not notified the Lessor of its intention to extend or further extend the term of this Lease as described in the first paragraph of this § 16 then in the event the Lessor elects to sell any Units to third parties at the expiration of the original or, if extended, any extended term of this Lease, the Lessee shall be given written notice of such intention to sell such Units prior to the expiration of such term. In the event that the Lessor shall receive, at any time within 120 days following the expiration of such original or extended term, as the case may be, a bona fide offer in writing from another party unrelated to the Lessee to purchase such Units and the Lessor elects to sell such Units pursuant to such offer at the expiration of such 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 to the Lessor. The Lessee shall have the right and option, exercisable as provided in the next succeeding sentence of this paragraph, to purchase such Units at the price at which such Units are proposed to be sold to the other party payable in accordance with the terms and conditions of payment offered by the other party; provided, however, that if the Lessee exercises such option following expiration of the first extended term, the Lessee shall have the right to purchase such Units at a price not in excess of the lesser of the bona fide offer price or 60% of the Purchase Price of all Units then subject to this Lease. Within 10 business days of receipt of notice from the Lessor, the Lessee may 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) 90 days 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 such 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.

Upon payment of the Fair Market Purchase Price of any Unit (or such other purchase price as is provided for herein), pursuant to an exercise by the Lessee of its right to purchase such Units, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or to the Lessee's

assignee or nominee, a bill of sale (without warranties) for such Units such as will transfer to the Lessee such title to such Units as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor. Notwithstanding the foregoing, if any Units so purchased are to be sold to the Lessee under a conditional sale agreement, the Lessor shall have the right to retain a security interest in such Units until such time as all payments in respect thereof have been made.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM

Upon the expiration of the original or any extended term of this Lease or any prior termination of this Lease for any reason, Lessee shall return each Unit to Lessor in good order and repair, excepting only reasonable wear and tear, by causing all Units to be moved, at Lessee's expense, onto Lessee's storage tracks in St. Louis, Missouri, and by keeping all such Units for a period of 90 days, without charge to Lessor for rent or storage during the first 30 days and for the remaining 60 days if such storage tracks are available. If during the latter 60 days such storage tracks are not available and Lessee shall deliver invoices of others for such storage and any applicable transportation charges of others, such invoices shall be paid by Lessor provided that such storage was arranged by Lessee on storage tracks nearest to Lessee's lines as may have been reasonably available. Any Units not delivered in accordance with this § 17 shall continue to be subject to all of the rights and duties of the parties set forth in this Lease. During any such storage period the Lessee will insure the Units in accordance with the provisions of § 7.7 hereof and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect required for a third party purchaser or third party lessee to immediately operate such Unit without further inspection, repair, replacement, alterations or improve-

ments (excluding third party peculiar requirements for compatibility with then existing third party products, equipment or facilities) under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction, and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, but in any event in no less manner than is set forth in § 11.1 hereof. 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 net amounts earned in respect of the Units after the expiration of the original term or any extended term hereof shall belong to the Lessor, and shall be paid over forthwith to the Lessor.

§ 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will further cause this Lease and/or appropriate financing statements or continuation statements to be filed and recorded, and, from time to time when required, refiled and rerecorded, in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the States of Missouri and California (and, if the Lessee changes its chief place of business, in any other state) in the same manner as if the Lessor's interest in this Lease represented a security interest or in any other state of the United States of America or the District of Columbia where filing is reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to the satisfaction of counsel of the Lessor and Vendor, of their interests and rights under this Lease for the purpose of carrying out the intention of this Lease. The Lessee will undertake the filing, registering, deposit and recording required of the trustee under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, 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 interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the CSA, the Assignment and the Lease Assignment shall be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery and acceptance hereunder of any Unit.

§ 19. 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, an amount equal to interest at 14% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at 14% per annum shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder.

§ 21. NOTICES

Any notice 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 One Embarcadero Center--Suite 2601, San Francisco, California 94111, Attention of Executive Vice President with a copy to Contracts Administration;

(b) if to the Lessee, at 2850 South Broadway, St. Louis, Missouri 63118, Attention of President;

(c) if to any Guarantor, at 721 Pestalozzi, St. Louis, Missouri, Attention of Assistant Treasurer, with copies to the Attention of General Counsel;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 22. SEVERABILITY

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

§ 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the Indemnity 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.

§ 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the

Vendor, the Builder and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. 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 Lease Assignment 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.

§ 26. LAW GOVERNING

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

§ 27. IMMUNITIES; NO RECOURSE

No recourse shall be had in respect of any obligation due under this Lease, 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 Lease.

§ 28. AGREEMENTS FOR BENEFIT OF LESSOR'S ASSIGNS

All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 12, 13, 14 and 17 and the right to receive the rentals payable under

this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

§ 29. TERM LESSOR

Whenever the term Lessor is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any CSA Indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

§ 30. GUARANTEE OF GUARANTORS

In consideration of inducing the Lessor to enter into this Lease, each Guarantor hereby jointly and severally unconditionally guarantees the due and punctual performance of all obligations of the Lessee (including without limitation the payment of money and the specific performance of such obligations) under this Lease, the Consent, the Participation Agreement and the Indemnity Agreement and the transactions contemplated hereby and thereby (all such obligations called "Obligations"). In the event that the Lessee fails to perform any of the Obligations at the time such Obligation is required to be performed under the Lease, the Consent, the Participation Agreement or the Indemnity Agreement, the Guarantors shall forthwith perform or cause to be performed, such Obligation.

The Guarantors agree that the Obligations may be extended, altered or modified, in whole or in part, without notice or further assent from it, and that they will remain bound hereunder notwithstanding any extension, alteration or modification of any Obligation.

Except in those cases in which notice is expressly provided for in this Lease, the Guarantors waive presentation to, demand of payment or performance from and protest to the Lessee of any of the Obligations, and also waives notice of protest for nonpayment or nonperformance of any of the Obligations both monetary and nonmonetary in nature. The joint and several obligations of the Guarantors hereunder shall not be affected by (i) the failure of the Lessor or the Vendor to assert any claim or demand or to enforce any right or remedy against the Lessee under the provisions of this Lease, the Consent, the Participation Agreement or the Indemnity Agreement

or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Lease or of any other agreement; (iv) the failure of the Lessor or the Vendor to exercise any right or remedy against any other guarantor of the Obligations; or (v) the failure of any Guarantor to receive notice of any extension, alteration or modification of any Obligation, this Lease, the Consent, the Participation Agreement or the Indemnity Agreement or any future agreement relating to the Obligations.

The Guarantors further agree that this undertaking constitutes a guarantee of payment when due (or performance when required, as the case may be) and not of collection.

The joint and several obligations of the Guarantors hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including without limitation any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any Obligation, this Lease, the Consent, the Participation Agreement or the Indemnity Agreement or otherwise. Without limiting the generality of the foregoing, the joint and several obligations of the Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Lessor or the Vendor to assert any claim or demand or to enforce any remedy under this Lease or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, wilful, as the result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Obligations, or by an other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantors or which would otherwise operate as a discharge of any Guarantor as a matter of law.

The Guarantors further agree that their undertakings hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations which are monetary in nature is rescinded or must otherwise be restored by the Lessor or the Vendor upon the insolvency, winding-up or reorganization of the Lessee or otherwise. In furtherance of the foregoing and not in limitation of any other right which the Lessor or the Vendor may have at law or in equity

against any Guarantor by virtue hereof, upon failure of the Lessee to make any payment on any of the Obligations which are monetary in nature when and as the same shall become due as required under this Lease, the Consent, the Participation Agreement or the Indemnity Agreement, the Guarantors hereby promise, and will, upon receipt of written demand by the Lessor or the Vendor, forthwith pay, or cause to be paid, to the Lessor or the Vendor in cash an amount equal to all such Obligations to the Lessor or the Vendor, as the case may be. In addition, in furtherance of the foregoing and not in limitation of any other right which the Lessor or the Vendor may have at law or in equity against any Guarantor by virtue hereof, upon failure of the Lessee to perform any of the Obligations which are nonmonetary in nature when the same shall be required to be performed under this Lease, the Consent, the Participation Agreement or the Indemnity Agreement, each Guarantor hereby promises, and will, upon receipt of written demand by the Lessor or the Vendor, forthwith perform strictly in accordance with the terms of this Lease, the Consent, the Participation Agreement or the Indemnity Agreement, or cause to be so performed, for the Lessor and the Vendor all such Obligations required to be performed.

§ 31. CONSENT TO LEASE

The Vendee Parent has joined in this Lease solely for the purpose of consenting to the lease of the Equipment to the Lessee by the Lessor pursuant to the terms hereof.

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

ST. LOUIS REFRIGERATOR CAR COMPANY,

[Seal] by _____

Attest:

_____

ANHEUSER-BUSCH, INC.,

[Corporate Seal]

by _____

Attest:

_____
Assistant Secretary

ANHEUSER-BUSCH COMPANIES, INC.,

[Corporate Seal]

by _____

Attest:

_____
Assistant Secretary

GATX THIRD AIRCRAFT CORPORATION,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

GATX LEASING CORPORATION,

[Corporate Seal]

by _____

Attest:

_____
Authorized Officer

STATE OF MISSOURI,)
) ss.:
CITY OF ST. LOUIS,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ST. LOUIS REFRIGERATOR COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Company, that said instrument was signed and sealed on behalf of said Company by authority of its Board of Trustees, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Company.

Notary Public

My Commission expires

STATE OF MISSOURI,)
) ss.:
CITY OF ST. LOUIS,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ANHEUSER-BUSCH, 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

My Commission expires

STATE OF MISSOURI,)
) ss.:
CITY OF ST. LOUIS,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ANHEUSER-BUSCH COMPANIES, 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

My Commission expires

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of GATX THIRD AIRCRAFT 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 CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of GATX LEASING 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

APPENDIX A TO LEASE

Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price*	Estimated Total Base Price*	Estimated Time and Place of Delivery
62' 6" 100-Ton, steel sheath insulated "RBL" cars	RBL	PACCAR INC PC-662 October 17, 1978, as amended	Renton, Washington	250	MRS-2500-2749	$71,500	$17,875,000	July-December 1980 at Renton, Washington

* Includes freight charges from Builder's plant to St Louis, Missouri, to be prepaid by Builder.

APPENDIX B TO LEASE

Casualty Values

Casualty Payment Date	Percentage of Purchase Price
January 1, 1981	108.980%
July 1, 1981	111.460%
January 1, 1982	113.488%
July 1, 1982	115.047%
January 1, 1983	115.777%
July 1, 1983	116.243%
January 1, 1984	116.534%
July 1, 1984	116.548%
January 1, 1985	116.262%
July 1, 1985	115.713%
January 1, 1986	114.884%
July 1, 1986	113.807%
January 1, 1987	112.489%
July 1, 1987	111.009%
January 1, 1988	109.385%
July 1, 1988	107.621%
January 1, 1989	104.526%
July 1, 1989	101.276%
January 1, 1990	97.817%
July 1, 1990	94.165%
January 1, 1991	90.352%
July 1, 1991	86.518%
January 1, 1992	82.503%
July 1, 1992	78.275%
January 1, 1993	73.818%
July 1, 1993	69.371%
January 1, 1994	65.138%
July 1, 1994	60.737%
January 1, 1995	56.302%
July 1, 1995	51.698%
January 1, 1996	47.050%

APPENDIX C TO LEASE

CERTIFICATE OF ACCEPTANCE

This CERTIFICATE OF ACCEPTANCE, dated as of , 1973, executed and delivered by St. Louis Referigerator Car Company, an unincorporated common law trust ("Lessee"), to GATX Third Aircraft Corporation ("Lessor"), and to Paccar, Inc. ("Builder"), under the Conditional Sale Agreement dated as of May 20, 1980 ("Conditional Sale Agreement"), among Lessor and Builder,

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease dated as of May 20, 1980 (herein called the "Lease" and the terms defined therein being hereinafter used with the same meaning), which Lease provides for the execution and delivery from time to time of Certificates of Acceptance substantially in the form hereof for the purpose of confirming delivery and acceptance of the Units of the Equipment leased under the Lease; and

WHEREAS, the Conditional Sale Agreement provides for the execution and delivery from time to time of Certificates of Acceptance substantially in the form hereof for the purpose of confirming delivery and acceptance of the Units of the Equipment sold by Builder under the Conditional Sale Agreement;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessee hereby confirms and agrees as follows:

1. Lessee hereby accepts and leases from Lessor under the Lease, the Units or Unit of the Equipment (the "Delivered Unit") which are described below:

Number of Units	Description of Unit	Road Numbers

2. The acceptance date of the Delivered Unit is the date of this Certificate of Acceptance set forth in the opening paragraph hereof.

3. Lessee and Lessor hereby confirm that the Delivered Unit has been duly inspected in accordance with Section 2 of the Lease and Article 3 of the Conditional Sale Agreement and duly marked in accordance with the terms of Section 5 of the Lease and Article 10 of the Conditional Sale Agreement and that Lessee has accepted the Delivered Unit for all purposes hereof and of the Lease; provided, however, that nothing contained herein or in the Lease shall in any way diminish or otherwise affect any right which Lessee or Lessor may have with respect to the Delivered Unit against Builder or any subcontractor of Builder under the Conditional Sale Agreement.

4. The undersigned hereby simultaneously accepts the Delivered Units on behalf of Lessor, as the authorized representative of Lessor, under the Conditonal Sale Agreement and on behalf of itself as Lessee under the Lease.

IN WITNESS WHEREOF, Lessee has caused this Certificate of Acceptance to be duly executed as of the day and year first above written and to be delivered in the State of Washington.

ST. LOUIS REFRIGERATOR CAR COMPANY,
as Lessee,

by

_____

Title

[CS&M Ref. 1413-016]

ANNEX D
to
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 20, 1980 (this "Assignment"), by and between GATX THIRD AIRCRAFT CORPORATION (the "Lessor" or the "Vendee"), GATX Leasing Corporation (the "Vendee Parent") and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

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

WHEREAS ST. LOUIS REFRIGERATOR CAR COMPANY (the "Lessee"), ANHEUSER-BUSCH, INC., and ANHEUSER-BUSCH COMPANIES, INC. (hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors"), the Vendee and the Vendee Parent 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;

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 paragraph 4.3(b) of the CSA), the Lessor agrees to assign for security purposes certain of 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 (and the Vendee Parent hereby consents to such assignment) unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease (except any

amounts of indemnity payable to the Lessor) 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 and any Guarantor under or pursuant to the provisions of the Lease whether as rent, casualty payment, termination payment, indemnity, liquidated damages, or otherwise (such moneys 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 the Lease. 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 its attorney, 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 and each of the Guarantors with all the terms and provisions thereof. Notwithstanding the foregoing, the term "Payments" shall not be deemed to include indemnity payments by the Lessee payable to the Lessor pursuant to §§ 6 and 12 of the Lease (except indemnification payments payable to the Vendor pursuant to Articles 6 and 14 of the CSA) or pursuant to the Indemnity Agreement (as defined in the Participation Agreement).

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 or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA except that the Vendor may not make a Declaration of Default (as defined in the CSA) with respect to, or terminate

the Lease pursuant to Article 16 of the CSA by reason of, an event of default under subparagraph (a) or (e) of Article 16 of the CSA arising solely by reason of the failure of the Lessee to make any such rental payment, which failure, pursuant to subparagraph (e) of Section 16.1 of the CSA, would not constitute an event of default thereunder if the Lessor complies with the provisions thereof, unless such event of default is not remedied within 10 business days after receipt of notification given to the Lessor as aforesaid.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment 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 understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, 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, covenant and agreement which the Lease provides is 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, excuse, condone, forgive or in any manner release or discharge the Lessee or any Guarantor thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee or such Guarantor, as the case may be, 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 ask, require, demand, receive, compound 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 and each of the Guarantors 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. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee and the Guarantors in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied and instruct the Lessee and the Guarantors that no further payments under the Lease are to be made to the Vendor.

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

7. 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 subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

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

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at Two Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department, or such other address as the Vendor shall designate.

10. 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.

GATX THIRD AIRCRAFT CORPORATION,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____

GATX LEASING CORPORATION,

by

_____

[Corporate Seal]

Attest:

_____

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Corporate Trust Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of GATX THIRD AIRCRAFT CORPORATION, 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 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 CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of GATX LEASING CORPORATION, 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 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 MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an 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 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

CONSENT AND AGREEMENT

The undersigned, ST. LOUIS REFRIGERATOR CAR COMPANY, an unincorporated common law trust organized and existing under the laws of the State of Missouri (the "Lessee"), ANHEUSER-BUSCH, INC., a Missouri corporation and ANHEUSER-BUSCH COMPANIES, INC. (hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors"), the Lessee and the Guarantors named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), each 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, termination payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease 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 Banking 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 Banking and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that the funds are "RE: St. Louis Car 5/20/80" (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) 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 or any Guarantor under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee or

any Guarantor the taking or omission of which might result in an 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.

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 Missouri and, for all purposes, shall be construed in accordance with the laws of said State.

ST. LOUIS REFRIGERATOR CAR COMPANY,

by _____

[Seal]

Attest:

_____

ANHEUSER-BUSCH, INC.,

by _____

[Corporate Seal]

Attest:

_____
Assistant Secretary

ANHEUSER-BUSCH COMPANIES, INC.,

by _____

[Corporate Seal]

Attest:

_____
Assistant Secretary

[CS&M Ref. 1413-016]

CONDITIONAL SALE AGREEMENT

Dated as of May 20, 1980

Between

GATX THIRD AIRCRAFT CORPORATION,
Vendee,

GATX LEASING CORPORATION,
Vendee Parent,

and

PACCAR INC.

CONDITIONAL SALE AGREEMENT

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Annex A--Builder Warranties

Annex B--Specifications

CONDITIONAL SALE AGREEMENT dated as of May 20, 1980, between PACCAR INC., a Delaware corporation (the "Builder" or the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), GATX THIRD AIRCRAFT CORPORATION, a Delaware corporation (the "Vendee"), and GATX LEASING CORPORATION, a Delaware corporation (the "Vendee Parent").

WHEREAS the Builder has agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the railroad equipment described in Annex B hereto to the extent not excluded herefrom under the provisions hereof (the "Equipment");

WHEREAS the Vendee is entering into a lease with ST. LOUIS REFRIGERATOR CAR COMPANY, an unincorporated common law trust (the "Lessee"), ANHEUSER-BUSCH, INC., a Missouri corporation, and ANHEUSER-BUSCH COMPANIES, INC., a Delaware corporation (hereinafter referred to individually as a "Guarantor" and collectively as "Guarantors"), in substantially the form annexed hereto as Annex C (the "Lease"); and

WHEREAS MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY (the "Assignee") is acting as agent for a certain investor pursuant to a Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Lessee, the Guarantors, the Assignee, the Vendee, the Vendee Parent and Aetna Life Insurance Company (the "Original Investor" and, together with its assignees, the "Investors"), and all obligations of the Vendee to the Builder under the Purchase Order (as herein defined) will be superseded by this Agreement, except to the extent otherwise expressly provided herein and in the Participation Agreement.

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

ARTICLE I

ASSIGNMENT; DEFINITIONS

1.1. Contemplated Sources of Purchase Price; Assignment. The parties hereto contemplate that the Vendee will furnish 25.67526% of the Purchase Price (as defined in

paragraph 4.1 hereof) of the Equipment and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "Assignment") between the Builder and the Assignee.

1.2 Lease Assignment. The Vendee will assign to the Vendor (as defined in paragraph 1.3 hereof), as security for the payment and performance of all the Vendee's obligations hereunder, all right, title, and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in substantially the form of Annex D hereto (the "Lease Assignment"), and the Lessee and the Guarantors shall acknowledge and consent thereto pursuant to a Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

1.3. Meaning of "Builder" and "Vendor". The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder, and, after any such assignment, 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; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the equipment and any successor or successors for the time being to its manufacturing properties and business. Any reference herein to this Agreement or any other agreement shall mean said agreement and all amendments and supplements hereto or thereto then in effect.

ARTICLE 2

CONSTRUCTION AND SALE

Pursuant to this Agreement the Builder shall construct and conditionally sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for, the Equipment. Each unit of the Equipment shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing by the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter 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 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 will not incorporate any used components, and will not have been used by any person so as to preclude the original use of such unit from commencing with the Vendee.

ARTICLE 3

INSPECTION AND DELIVERY

3.1. Place of Delivery. The Builder will deliver to the Vendee the units of the Equipment at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges and storage charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that the Builder shall not have any obligation to deliver any unit of Equipment hereunder to the Vendee, subsequent to the commencement of any proceedings specified in clause (c) or (d) of paragraph 16.1 hereof or subsequent to the occurrence of any event of default (as described in paragraph 16.1 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 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 as aforesaid or (b) until it receives notice (i) from the Assignee that the conditions contained in Paragraph 8 of the Participation Agreement have been met and (ii) from the Vendee that the conditions contained in Paragraph 9 of the Participation Agreement have been met, or (c) following receipt of notice that there has been a materially adverse change in the condition, financial or otherwise, of the Lessee or of any Guarantor.

3.2. Force Majeure. The obligation of the Builder as to time of delivery is subject, however, to delays resulting from causes beyond the reasonable control of the Builder, 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.

3.3. Exclusion of Equipment. Any Equipment not delivered to the Vendee pursuant to paragraph 3.1 hereof and any Equipment not delivered to the Vendee and accepted by the Vendee hereunder on or before December 31, 1980, shall be excluded from this Agreement. As provided in Section 2 of the Indemnity Agreement, the Lessee may exclude from this Agreement and the Lease any Equipment not delivered to the Vendee and accepted by the Vendee hereunder following five days' written notice by the Lessee to the Builder, the Assignee and the Vendee of the occurrence of a Tax Event (as defined in Section 2 of the Indemnity Agreement dated as of the date hereof between the Vendee, the Lessee and the Guarantors). The Vendee shall be relieved of its obligation to purchase and pay for any Equipment excluded pursuant to this paragraph 3.3. If any Equipment shall be excluded herefrom pursuant to this paragraph 3.3, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. In the event of any such exclusion of any unit of Equipment herefrom pursuant to the foregoing provisions of this paragraph 3.3 or pursuant to paragraph 4.1 hereof, or in the event the Vendee is relieved of its obligations hereunder to accept or pay for any or all units of Equipment in accordance with the terms and conditions hereof for any reason whatsoever, the Lessee will be obligated pursuant to Paragraph 1 of the Participation Agreement to accept all such units delivered by the Builder and to pay the full Purchase Price therefor when due, all in accordance with the terms of its prior contractual arrangements with the Builder relating to the Equipment (the "Purchase Order"), and the Vendee will reassign, transfer and set over to the Lessee all the right, title and interest of the Vendee in and to the units so excluded and the Purchase Order to the extent relating thereto.

3.4. Inspection. 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 its standard quality control practices. Upon completion of each unit or 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 and requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance substantially in the form of Appendix C to the Lease (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with paragraph 10.1 of Article 10 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 14 hereof. By Section 2 of the Lease the Vendee hereby appoints the Lessee its agent to inspect and accept delivery of the Equipment. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) pursuant to § 2 of the Lease or this paragraph 3.4 shall be deemed to be acceptance of such unit by the Vendee.

3.5. Responsibilities of the Builder After Delivery. On delivery to the Vendee hereunder of units of 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 such delivery to and acceptance by the Vendee shall not thereby relieve the Builder of its warranties referred to in Article 14 hereof.

ARTICLE 4

PURCHASE PRICE AND PAYMENT

4.1. Meaning of "Purchase Price"; Exclusion of Units. The base price or prices per unit of the Equipment to be paid by the Vendee to the Builder are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as are provided for in the Purchase Order or as otherwise may be agreed to by the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the Builder's invoice delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in said Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the "Invoice"). If on any

Closing Date (as defined in paragraph 4.2 hereof) the Purchase Price of any Group (as defined in paragraph 4.2 hereof) has not been finally determined, the invoice presented may be for an estimated Purchase Price, subject to adjustment upon determination of the final Purchase Price, and a supplemental invoice may be presented at least 10 days prior to any subsequent Closing Date for settlement on such subsequent Closing Date, or on one occasion for settlement prior to December 31, 1980, for any increase in the Purchase Price, it being understood and agreed by the Builder that any prior preliminary invoice or invoices presented by the Builder shall be in an amount not in excess of the final Purchase Price of such Group. If on any Closing Date the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made would, but for the provisions of this sentence, exceed $19,550,000 (the "Maximum Purchase Price") (or such higher amount as to which the Vendee and the Lessee may have agreed prior to the delivery to the Vendee of the Equipment being settled for on such Closing Date), the Builder (and any assignee of the Builder) will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee and the Lessee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than said Maximum Purchase Price (or such higher amount as aforesaid) and the Vendee shall have no further obligation or liability in respect of units so excluded.

4.2. Settlement and Closing Dates. The Equipment shall be settled for in no more than four groups of units of the Equipment delivered to and accepted by the Vendee. The term "Closing Date" with respect to any Group (as hereinafter defined) shall be such date as is specified by the Lessee by three business days' written notice thereof with the concurrence of the Vendee, the Assignee, and the Builder but in no event shall any such Date be later than December 31, 1980. Such notice shall specify the aggregate Purchase Price of such Group and a copy thereof shall be sent by the Lessee to the Builder, the Assignee and the Vendee. The term "Group", as used herein, shall mean the group of units of Equipment being settled for on any Closing Date. The place of each closing shall be determined by mutual agreement among the parties hereto. At least three business days prior to the Closing Date with respect to a Group of Equipment, the Builder shall present to the Vendee and the Lessee the Invoice for the Equipment to be settled for. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays

and any other day on which banking institutions in Hartford, Connecticut, St. Louis, Missouri, Baltimore, Maryland, or San Francisco, California, are authorized or obligated to remain closed.

4.3. Indebtedness of Vendee to Vendor. Subject to the terms of this Agreement, the Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash or immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 25.67526% of the aggregate Purchase Price of the units of Equipment in such Group; and

(b) in 30 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 thereto pursuant to subparagraph (a) of this paragraph (said portion of the Purchase Price payable in installments under this subparagraph (b) is hereinafter called the "CSA Indebtedness").

4.4. CSA Indebtedness; Payment Dates; Interest. (1) The installments of the CSA Indebtedness shall be payable in 30 consecutive semiannual installments commencing July 1, 1981, to and including January 1, 1996 (each such date being hereinafter called a "Payment Date"). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 13% per annum. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on January 1, 1981, and on each Payment Date thereafter. The amounts of CSA Indebtedness 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 shall completely amortize the CSA Indebtedness at

maturity. The Vendee will furnish to the Vendor and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

(2) If any of the dates for payment of principal or interest is not a business day, such payment shall be payable on the preceding business day.

4.5. Calculation of Interest. Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months except that interest payable on January 1, 1981, shall be computed on an actual elapsed day, 365-day year, basis.

4.6. Penalty Interest. The Vendee will pay interest, to the extent legally enforceable, at the rate of 14% per annum (the "Penalty Rate") upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

4.7. Currency of Payment; Optional Prepayment. 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 Articles 7 and 16 hereof and the next succeeding sentence of this paragraph 4.7, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due. The Vendee shall have the option of prepaying the CSA Indebtedness in whole or in part (in amounts of not less than $1,000,000), on not less than 30 days' prior written notice to the Vendor at a price equal to the principal amount to be repaid and accrued interest to the date of prepayment plus a prepayment premium equal to the applicable Prepayment Premium, expressed as a percentage of the principal amount of CSA Indebtedness to be prepaid, as set forth in paragraph 7.4 hereof; provided, however, that no such prepayment may be made prior to January 1, 1991, directly or indirectly from the proceeds of, or in anticipation of, funds borrowed by either the Vendee or the Lessee having a lower effective interest cost than 13% or a shorter average life to maturity than the then average life to maturity of the principal amount of CSA Indebtedness to be prepaid, all determined in accordance with accepted financial practice, as evidenced by a certificate certified to by the appropriate

financial officer of the Vendee or the Lessee, as the case may be, delivered to the Vendor.

4.8. Liability of Vendee Limited to "Income and Proceeds from Equipment"; Meaning Thereof; Limitation on Execution of Judgments. Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 16 and 17 hereof, except as set forth in this paragraph 4.8), but not limiting the effect of Article 22 hereof, it is understood and agreed by the Vendor 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, with the exception only of the payments to be made pursuant to subparagraph (a) of paragraph 4.3 hereof, the interest payment due under paragraph 4.4 hereof on January 1, 1981, and the proviso to paragraph 13.3 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 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. Except as provided in the preceding sentence, the Vendor agrees that the Vendee shall have no personal liability to make any payments under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Vendee or any assignee of the Vendee.

As used herein the term "income and proceeds from the Equipment" shall mean

(i) if one of the events of default specified in paragraph 16.1 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 or Terminations (as defined in paragraph 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 13 or any other provision of the Lease (except any indemnity paid or payable to the Vendee pursuant to § 6 or § 12 of the Lease or under the Indemnity Agreement) 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) (not including amounts paid by the Lessee to the Vendee as reimbursement of sums paid by the Vendee on account of prior defaults under subparagraph A of § 13.1 of the Lease) 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 or Terminations) 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 amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee or any assignee of the Vendee prior to the existence 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 or Terminations) 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. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 or 17 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, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph.

ARTICLE 5

SECURITY INTEREST IN THE EQUIPMENT

5.1. Vendor To Retain Security Interest; Accessories Are Part of 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 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. Such retention of security interest is solely to secure performance by the Vendee of its obligations under this Agreement (without regard to any provision of this Agreement limiting the liability of the Vendee), and, subject thereto, ownership of the Equipment shall be and remain in the Vendee subject to such performance. Any and all parts installed on and additions and replacements made to any unit of the Equipment (i) which are not readily removable without causing material damage to such unit, (ii) the cost of which is included in the Purchase Price of such unit or (iii) which are required for the operation or use of such unit by the Association of American Railroads and/or the Interstate Commerce Commission, the United States Department of Transportation or any other applicable regulatory body, shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

5.2. Obligations Upon Payment of CSA Indebtedness. Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness in respect of the Purchase Price of the Equipment, together with 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 (a) execute an instrument releasing its security interest in the Equipment and transferring such interest to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such instrument to the Vendee at its address referred to in Article 21 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 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

6.1. General Tax Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Vendee agrees to pay, and to indemnify and hold the Vendor harmless from, all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Vendee, the Vendor, the Lessee or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any unit of the Equipment or any part thereof; the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; or this Agreement, the Assignment, the Lease, the Lease Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Equipment (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Vendor, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its worldwide income without

regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; and (iii) Taxes which are imposed on or measured solely by the net income of the Vendor if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Vendee has not agreed to pay or indemnify against pursuant to this Article 6; provided, however, that the Vendee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in paragraph 6.2 hereof.

6.2. Claims; Contests; Refunds. If claim is made against the Vendor for any Taxes indemnified against under this Article 6, the Vendor shall promptly notify the Vendee and the Lessee. If reasonably requested by the Vendee or the Lessee in writing, the Vendor shall, upon receipt of any indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Vendee or the Lessee, as the case may be, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Vendee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Vendor; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Vendor in any such proceeding or action) without the prior written consent of the Vendor. If the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Vendee in connection with any such contest or an amount representing interest thereon, the Vendor shall pay the Vendee the amount of such refund or interest net of expenses; provided, however, that no event of default set forth in paragraph 16.1 hereof and no event which with notice or lapse of time or both would constitute such an event of default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Vendee under or arising out of this Article 6, the

Vendee shall either make such report or return in such manner as will show the interests of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Vendee.

6.4. Survival. All of the obligations of the Vendee under this Article 6 shall survive and continue, notwithstanding payment in full of all other amounts due under this Agreement.

6.5. Article 6 Subject to Articles 4 and 22. The obligations of the Vendee under this Article 6 are subject to the limitations contained in paragraph 4.8 hereof and in Article 22 hereof.

ARTICLE 7

MAINTENANCE; TERMINATION AND CASUALTY OCCURRENCES

7.1. Maintenance. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order and repair, ordinary wear and tear excepted.

7.2. Termination and Casualty Occurrences. In the event that the Lease is terminated voluntarily pursuant to § 7 of the Lease (hereinafter called a "Termination") or any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7 of the Lease) after settlement has been made for such unit on a Closing Date, the Vendee shall, promptly after it shall have received notice from the Lessee or shall have otherwise been informed of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Except as provided in paragraph 7.3 hereof, on the next succeeding Casualty Payment Date (as defined in the Lease) or, if the Lease is terminated, the Termination Date (as defined in the Lease), the Vendee shall, subject to the limitations contained in paragraph 4.8 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence a sum equal to the Casualty Value (as defined in paragraph 7.3 hereof) of such unit suffering a Casualty Occurrence as of such Casualty Payment Date, together with an amount equal to accrued interest thereon (as hereinafter provided) and (ii) in the case of a Termination, a sum equal to the Termination Value (as defined in paragraph 7.4 hereof) of such unit subject to such Termination as of

the Termination Date. Notwithstanding the provisions of the foregoing sentence, if a unit should suffer a Casualty Occurrence 45 days or less prior to a Rental Payment Date (as defined in the Lease), the Vendee shall pay to the Vendor within 45 days of such Casualty Occurrence the Casualty Value as of such Rental Payment Date of such unit together with accrued interest to such Rental Payment Date plus interest at the rate of 13% per annum computed on such Casualty Value from such Rental Payment Date to the date of such payment. The Vendee shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit or Termination Value of such unit, as the case may be. Any money paid to the Vendor pursuant to this paragraph shall be applied on the date of such payment to prepay ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid (or, in the case of a Termination, the entire CSA Indebtedness). In the case of a Casualty Occurrence, the Vendee shall promptly cause to be furnished 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 the Vendor and the Lessee may request, calculated as provided in paragraph 4.4 hereof.

7.3. Casualty Value. The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof referred to in paragraph 4.3(b) hereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit); provided, however, that if a unit should suffer a Casualty Occurrence after delivery of such unit to the Vendee but prior to settlement for such unit, the Casualty Value shall be the Purchase Price of such unit and shall be payable to the Builder on the next Closing Date following such Casualty Occurrence. For the purpose of this paragraph and paragraph 7.5 hereof, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

7.4. Termination Value. The Termination Value of any unit shall be an amount equal to the sum of (i) the Casualty Value thereof and accrued interest thereon plus (ii) a prepayment premium equal to the product of the multiplication of such Casualty Value by the applicable

percentage set forth below:*

Settlement Date	Prepayment Premium
January 1, 1981	13.00%
July 1, 1981	13.00
January 1, 1982	12.07
July 1, 1982	12.07
January 1, 1983	11.14
July 1, 1983	11.14
January 1, 1984	10.21
July 1, 1984	10.21
January 1, 1985	9.29
July 1, 1985	9.29
January 1, 1986	8.36
July 1, 1986	8.36
January 1, 1987	7.43
July 1, 1987	7.43
January 1, 1988	6.50
July 1, 1988	6.50
January 1, 1989	5.57
July 1, 1989	5.57
January 1, 1990	4.64
July 1, 1990	4.64
January 1, 1991	3.71
July 1, 1991	3.71
January 1, 1992	2.79
July 1, 1992	2.79
January 1, 1993	1.86
July 1, 1993	1.86
January 1, 1994	0.93
July 1, 1994	0.93
January 1, 1995 and thereafter	0.00

7.5. Obligations upon Payment of Casualty Value or Termination Value. Upon payment by the Vendee to the Vendor (i) of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence or (ii) of the Termination Value of any unit subject to a Termination, absolute right to the possession of, title to and property in such unit shall

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* Termination may not occur prior to January 1, 1984, under the Lease. However, pursuant to paragraph 4.7, reference is also made to this table for prepayment premiums under paragraph 4.7 in the event of optional prepayment.

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 passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

ARTICLE 8

INSURANCE PROCEEDS AND CONDEMNATION PAYMENTS

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of any unit suffering a Casualty Occurrence the Vendor shall promptly pay such insurance proceeds or condemnation payments to the Vendee; provided, however, that no event of default shall have occurred and be continuing hereunder and the Vendee shall have made payment of the Casualty Value of such unit, together with accrued interest thereon, to the Vendor. All insurance proceeds received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 9

REPORTS AND INSPECTIONS

On or before March 31 in each year, commencing with the year 1981, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in Section 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10

MARKING OF EQUIPMENT

10.1. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as

provided in Section 5 of the Lease. 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 or on behalf of the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

10.2. No Designations of Ownership. Except as provided in paragraph 10.1 of this Article 10, 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 11

COMPLIANCE WITH LAWS AND RULES

11.1. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any unit of the Equipment, the Vendee will or will cause the Lessee to conform therewith at no expense to the Vendor; 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 opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12

POSSESSION AND USE

12.1. Possession and Use of Equipment by Vendee. 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 the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement. The Vendee agrees that, so long as any amount of the CSA Indebtedness or any interest thereon shall remain outstanding, the Equipment will be used solely within the United States of America except that the Equipment may be used in Canada or Mexico, if and only if such use does not exceed 90 Unit Days (as defined in Paragraph 5(f) of the Participation Agreement) in any year.

12.2. Lease Permitted; Lease Subordinate; No Amendment or Termination. The Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and each of the Guarantors and their 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; provided, however, that so long as (i) no Event of Default (as defined in the Lease) exists under the Lease, and (ii) the Lessee is complying with the provisions of the Consent, the Lease may not be terminated by the Vendor and the Lessee shall be entitled to the rights of possession, use and assignment provided under the Lease. The Lease shall not be amended or terminated without the prior written consent of the Vendor which shall not be unreasonably withheld.

ARTICLE 13

PROHIBITION AGAINST LIENS

13.1. Vendee To Discharge 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, 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 proceedings in any reasonable manner and the nonpayment thereof does not, in the 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 liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

13.2. No Breach for Certain Liens. 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.

13.3. Article 13 Subject to Article 22 Except in Certain Instances. The obligations of the Vendee under this Article 13 are subject to the limitations contained in Article 22 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 its successors or assigns, not arising out of the transactions contemplated hereby or in other documents mentioned herein (but including taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or the Vendee's interest in the Lease and the payments to be made thereunder or result in the bankruptcy or reorganization of the Vendee, but the Vendee shall not be required to pay or discharge any such tax, claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement.

ARTICLE 14

INDEMNITIES AND WARRANTIES

14.1. Indemnification. The Vendee shall pay, and shall protect, indemnify and hold the Vendor and any assignee

hereof, and their respective successors, assigns, agents and servants (hereinafter called "Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including, without limitation, attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising, or alleged to arise out of this Agreement or the Equipment, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any unit of Equipment or portion thereof, (ii) any latent and other defects whether or not discoverable by the Vendee or the Vendor, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Equipment or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Equipment or of any other equipment in connection with the Equipment (whether owned or under the control of the Vendee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Agreement or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Equipment or the leasing, ownership, use, replacement, adaptation or maintenance thereof; or (vii) any claim arising out of the Vendor's retention of a security interest under this Agreement or the Lease Assignment; except that the Vendee shall not be liable to the Builder in respect of any of the foregoing matters to the extent liability in respect thereof arises from an act or omission of the Builder. The Vendee shall be obligated under this Article 14, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Vendee under this Article 14 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Vendee may

and, upon such Indemnified Person's request, will at the Vendee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Vendee and approved by such Indemnified Person and, in the event of any failure by the Vendee to do so, the Vendee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Vendee is required to make any payment under this Article 14, the Vendee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Vendor and the Vendee agree to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article 14 by the Vendee, and provided that no event of default described in Paragraph 16.1 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, it shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (other than the Vendee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Vendee to the extent necessary to reimburse the Vendee for indemnification payments previously made in respect of such matter.

14.2. Survival; No Subrogation. The indemnities contained in this Article 14 shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article 14 shall be deemed to create any rights of subrogation in any insurer or third party against the Vendee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

14.3. Vendee Not Released if Equipment Damaged or Lost. 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 the Equipment.

14.4 Builder Warranties. The Builder represents and warrants to the Vendee that, at the time of delivery of each unit and acceptance of each unit of its 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 arising prior to the delivery of such unit to the Vendee except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

The Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

14.5 Patent Indemnities. The agreements of the Builder relating to its warranties of material and workmanship and patent indemnification are set forth in Annex A hereto.

ARTICLE 15

ASSIGNMENTS

15.1. Assignment by Vendee. The Vendee will not transfer the right to possession of any unit of the Equipment (except to Lessee pursuant to the Lease) or sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor and the Lessee; provided, however, that no such consent shall be necessary if such sale, assignment, transfer or other disposition of its rights by the Vendee under this Agreement is made to a Permitted Transferee (as hereinafter defined) having net worth of at least $35,000,000 or to the parent of the Vendee, and such Permitted Transferee expressly assumes in writing, all of the obligations of the Vendee under this Agreement and the Participation Agreement. As used herein, the term "Permitted Transferee" shall mean any

one of the following:

(a) any company (the "Parent") owning not less than 80% of the capital stock having the right to vote for the election of the directors (the "Voting Stock") of the Vendee, any company (the "Holding Company") owning not less than 80% of the Voting Stock of the Parent, or any company not less than 80% of the Voting Stock of which is owned, directly or indirectly, by the Vendee, the Parent, or the Holding Company;

(b) any bank, bank holding company, savings institution, trust company, or national banking association acting for its own account or in a fiduciary capacity as trustee or agent under any pension, retirement, profit sharing or similar trust or fund;

(c) any insurance company or fraternal benefit society;

(d) any finance or leasing company;

(e) any corporation all of whose Voting Stock is owned by any of the foregoing; or

(f) any person acting as trustee for one or more of the foregoing.

15.2. Assignment by Vendor. 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 its obligations to deliver the Equipment to the Vendee in accordance herewith or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 14 hereof and this Article 15, or any other obligation which, according to its terms or context, is intended to survive an assignment.

15.3. Notice of Assignment by Vendor. Upon any such assignment pursuant to Paragraphs 15.1 and 15.2 hereof, 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.

15.4. No Setoff Against CSA Indebtedness Upon Assignment. The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the 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 CSA Indebtedness in respect of the Vendee's 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 by the Vendee 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 16

DEFAULTS

16.1. Events of Default; Termination of Lease; Declaration of Default; Acceleration of CSA Indebtedness. 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 or cause to be paid in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the

Vendee) and such default shall continue for 10 days after the date such payment is due and payable; or

(b) the Vendee, the Lessee or any Guarantor shall fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Vendee), the Lease Assignment or any covenant, agreement, term or provision of the Participation Agreement made expressly for the benefit of the Vendor, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance, and such default shall continue for 30 days after the earlier of (i) written notice from the Vendor specifying the default and demanding that the same be remedied and (ii) the date on which such default shall first become known to a responsible officer of the Vendee, the Lessee and either Guarantor (as the case may be); or

(c) 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 or any Guarantor 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 and any Guarantor under the Lease 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 appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any other proceeding shall be commenced by or against the Vendee, the Lessee or any Guarantor for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or the Lessee or any Guarantor under the Lease 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 the obligations of the Vendee under this Agreement or the Lessee or any Guarantor under the Lease), 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 or the Lessee under the Lease 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 or the Lessee, or any Guarantor, 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, whichever shall be earlier; 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; provided, however, that if more than 4 Events of Default or more than 2 consecutive Events of Default shall have occurred under clause (A) of § 13.1 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 (including any notice required by the last paragraph of Paragraph 1 of the Lease Assignment) and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) declare (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 such indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable, and/or (ii) subject to the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, cause the term of the Lease to terminate (and the Vendee acknowledges the right of the Vendor to terminate the term of the Lease), provided, however, that such termination shall not be in derogation of or impair the rights of the Vendee or the Vendor (under the assignment thereof), as the case may be, to enforce compliance by the Lessee and any Guarantor with any of their respective cove-

nants and agreements under the Lease or to enforce any of its rights and remedies under § 13 of the Lease (subject to the Vendor's rights to repossess and sell the Equipment as provided in this Agreement), including the rights of the Vendee or the Vendor (under the assignment thereof), as the case may be, to sue for and recover damages provided for in § 13 of the Lease upon the occurrence of an event of default under the Lease. 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 22 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event of which it has knowledge which constituted, constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

Notwithstanding the provisions of the immediately preceding paragraph, it is understood and agreed that upon the making of a Declaration of Default, the Vendor shall provide the Vendee with 10 days' written notice of its intent to terminate the Lease and/or to exercise its remedies under Article 17 hereof and the Vendee shall have the option during such 10-day period to prepay all, but not less than all, the then outstanding CSA Indebtedness plus interest accrued to the date of such payment and the obligations upon payment of the CSA Indebtedness in Paragraph 5.2 hereof shall apply.

16.2. Waiver of Defaults. 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 after written notice to the Vendee and Lessee 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 no Declaration of Default or notice of termination of the Lease had been made or given. 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.

16.3. Vendee's Right to Cure Defaults. Anything in this Agreement to the contrary notwithstanding, in the case of any event of default occurring hereunder by virtue of paragraphs 16.1(a), (b) and (e), the Vendor shall not,

without the prior written consent of the Vendee, exercise any remedy or remedies provided herein or in the Lease in respect thereof during a period (i) of 10 business days in the case of an event described in paragraph 16.1(a) or 16.1(e) and (ii) of 30 calendar days in the case of an event described in paragraph 16.1(b) next following the receipt by the Vendee of written notice constituting a Declaration of Default as above provided. During such period the Vendee shall have the right to cure such event of default; provided, however, that if more than 4 Events of Default or more than 2 consecutive Events of Default shall have occurred under § 13.1(A) of the Lease, any such Event of Default shall be an event of default under this Article 16 whether or not the corresponding event of default hereunder is cured. Such right to cure may be exercised any number of times throughout the term of this Agreement, and each separate event of default occurring hereunder subsequent to an event of default which was theretofore cured by the Vendee shall be subject to the notice requirement and period of grace provided in this paragraph 16.3 during which the Vendor may not exercise its remedies as hereinabove provided. The Vendee shall not obtain any lien, charge, or encumbrance of any kind upon the Equipment or any rentals or other amounts payable under the Lease in respect of any sums paid in connection with the exercise of any rights hereunder, nor shall any claim of the Vendee against the Lessee for the repayment of any sums so paid impair the prior right of the Vendor to the sums payable by the Lessee under the Lease; provided, however, that if no event of default hereunder shall then have occurred and be continuing and if all payments of Conditional Sale Indebtedness and interest thereon then due and owing shall have been made at the time of receipt by the Vendor from the Lessee of an overdue installment of rental or other sum under the Lease in respect of which the Vendee shall have made payment to the Vendor pursuant to this paragraph and/or any interest payable by the Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released to or at the written direction of the Vendee.

ARTICLE 17

REMEDIES

17.1. Vendor May Take Possession of Equipment. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 15 of the Lease, at any time during the

continuance of a Declaration of Default, and 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, the Vendor may 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 17 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee 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 or the Lessee, subject to all mandatory requirements of due process of law.

17.2. Assembling of Equipment for Vendor. 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, subject to the provisions of Article 4 and Article 22 hereof, at its own 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 or which may have possession thereof to return the unit or units) place such units upon such storage tracks as the Vendor reasonably may designate;

(b) cause such units to be stored on such tracks without charge for insurance, rent or storage until all such units of Equipment have been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the same to be transported to any reasonable place, as directed by the Vendor.

During any storage period, the Lessee has agreed pursuant to § 14.1 of the Lease, at its own cost and expense, to insure, maintain and keep each such unit in good order and repair and to permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence to the

agreement between the parties, and the Vendee acknowledges that upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled under the Lease as assignee of the rights of the Vendee thereunder to a decree against the Lessee 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.

17.3. Vendor May Dispose of or Retain Equipment. At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as provided in Paragraph 17.1 hereof) may, at its election, and upon such notice as 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 21 hereof, and to any other persons to whom the law may require notice, within 30 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 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, 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 17.

17.4. Vendor May Sell Equipment; Vendee's Right of Redemption. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 15 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 written 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 one or more of the units 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, 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.

17.5. Sale of Equipment by Vendor. Any sale hereunder may be held or conducted at St. Louis, Missouri, or New York, 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, the Lessee or any Guarantor may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed as provided in Article 21 hereof. In addition, 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 less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee, the Vendee and any Guarantor to purchase or provide a purchaser, within 10 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 (except to the extent of surplus money received as provided in Paragraph 17.7 hereof), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

17.6. Effect of Remedies and Powers and Exercise Thereof. 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 not inconsistent herewith, and each and every power and remedy 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 shall not otherwise alter or 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 alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

17.7. Deficiencies. 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, subject to the limitations of Paragraph 4.8 hereof and Article 22 hereof, 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 Paragraph 4.8 hereof and Article 22 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.

17.8. Expenses. The Vendee will pay all reasonable fees, costs and 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 reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations set forth in Paragraph 4.8 hereof and Article 22 hereof.

17.9. Remedies Subject to Mandatory Legal Requirements. The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18

APPLICABLE STATE LAWS

18.1. Conflict with 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.

18.2. Waiver of Notices. Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby 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 one or more units 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 and any and all rights of redemption.

ARTICLE 19

FILING

The Vendee will (a) cause this Agreement, any assignments hereof and any amendments or supplements hereto or

thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; (b) promptly cause all necessary filings and recordings, and when required refilings and rerecordings of this Agreement, the Lease, any assignments hereof or thereof, and any amendments or supplements hereto or thereto and/or appropriate financing statements or continuation statements to be made, and from time to time when refiled and rerecorded in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the States of Missouri and California (and if the Vendee or Lessee changes its chief place of business to a different state, in such other state) and in any other state of the United States of America or the District of Columbia where filing is reasonably requested by the Vendee for the purpose of proper protection, to the satisfaction of counsel for the Vendee, of its security interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; (c) 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 title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and (d) the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20

ARTICLE AND PARAGRAPH HEADINGS; EFFECT AND MODIFICATION OF AGREEMENT

20.1. Article and Paragraph Headings for Convenience Only. All article and paragraph headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

20.2. Effect and Modification of Agreement. Except for the Participation Agreement, 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 variation or 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 21

NOTICE

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 its chief place of business at the following specified addresses:

(a) to the Vendee, at One Embarcadero Center, Suite 2601, San Francisco, California 94111, Attention of Executive Vice President with a copy to the attention of Contracts Administration;

(b) to the Builder, at 1400 North 4th Street, Renton, Washington 98055, with copy to General Counsel, PACCAR INC., P. O. Box 1518, Bellevue, Washington 98009, and

(c) 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, by such assignee,

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

ARTICLE 22

IMMUNITIES; SATISFACTION OF UNDERTAKINGS

22.1. No Recourse Against Certain Persons. 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.

22.2. Satisfaction of Certain Covenants. The obligations of the Vendee under Paragraphs 7.1, 12.1, 17.2, 17.7 and 17.8 hereof, and under Articles 6, 9, 10, 11, 13, 14 and

19 hereof and any and all obligations at any time arising thereunder shall be deemed satisfied in full in all respects (except as set forth in Paragraph 13.3 thereof) by the Lessee's and each Guarantor's execution and delivery of the Lease. The Vendee shall not have any responsibility for the Lessee's or any Guarantor'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 16 hereof. No waiver or amendment of the Lessee's or any Guarantor's undertakings under the Lease shall be effective unless joined in by the Vendor; provided, however, that the Vendor shall consent to any agreement in writing between the Lessee and the Vendee increasing or decreasing the rentals, casualty values or termination values payable pursuant to §§ 3 and 7 of the Lease so long as the amounts payable thereunder are not reduced below those necessary to satisfy the obligations of the Vendee hereunder, such consent to be given by the Vendor within 30 days of delivery of a copy of any such agreement to the Vendor.

ARTICLE 23

GUARANTEE OF VENDEE PARENT

The Vendee parent hereby unconditionally guarantees the obligations of the Vendee pursuant to the proviso of paragraph 13.3 of this Agreement and further unconditionally guarantees and covenants that, so long as any of the CSA Indebtedness is outstanding, it shall pay or cause the Vendee to pay all Federal income taxes assessed against the Vendee (other than such taxes which the Vendee may be contesting in good faith by appropriate legal proceedings and which do not, in the judgment of the Vendor, materially and adversely affect the Vendor's interest in the Equipment or in the Lease).

ARTICLE 24

LAW GOVERNING

This Agreement shall be governed and construed in accordance with the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, such additional rights, if any, arising out of the filing, recording or deposit hereof 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 or in which any unit of Equipment shall be located, and such rights, if any, arising out of the marking of Equipment.

ARTICLE 25

EXECUTION

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for convenience, 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.

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

PACCAR INC.,

by _____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

GATX THIRD AIRCRAFT CORPORATION,

by C. Michael Rourke
SENIOR VICE PRESIDENT

[Corporate Seal]

Attest:

GATX LEASING CORPORATION,

by C. Michael Rourke
SENIOR VICE PRESIDENT

[Corporate Seal]

Attest:

STATE OF WASHINGTON,)
) ss.:
COUNTY OF KING,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of PACCAR INC., 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 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 CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this 10th day of July 1980, before me personally appeared C. Michael Rourke, to me personally known, who, being by me duly sworn, says that he is Jr. Vice President of GATX THIRD AIRCRAFT 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.

DIANE L. BRADISON
NOTARY PUBLIC-CALIFORNIA
CITY & COUNTY OF SAN FRANCISCO
My Commission Expires July 16, 1982

Diane L Bradison
Notary Public

[Notarial Seal]

My Commission expires July 16, 1982

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this 10th day of July 1980, before me personally appeared C. Michael Rourke, to me personally known, who, being by me duly sworn, says that he is Sr. Vice President of GATX LEASING 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.

DIANE L. BRADISON
NOTARY PUBLIC-CALIFORNIA
CITY & COUNTY OF SAN FRANCISCO
My Commission Expires July 16, 1982
[Notarial Seal]

Diane L Bradison
Notary Public

My Commission expires July 16, 1982

SCHEDULE I

Allocation Schedule of Each $1,000,000 of CSA Indebtedness Payable in (i) One Interim Payment of Interest Only at the Rate of 13% per annum on January 1, 1980, and (ii) 30 Semiannual Installments of Principal and Interest at the Rate of 13% per annum Commencing July 1, 1980

Installment No.		Total Payment	Interest Payment	Principal Recovery	Ending Principal
	(1/1/81)	*	*	$ -0-	$1,000,000.00
1	(7/1/81)	$ 72,092.23	$ 65,000.00	7,092.23	992,907.77
2	(1/1/82)	72,092.23	64,539.01	7,553.22	985,354.55
3	(7/1/82)	72,092.23	64,048.05	8,044.18	977,310.37
4	(1/1/83)	72,092.23	63,525.17	8,567.06	968,743.31
5	(7/1/83)	72,092.23	62,968.31	9,123.92	959,619.39
6	(1/1/84)	72,092.23	62,375.26	9,716.97	949,902.42
7	(7/1/84)	72,092.23	61,743.66	10,348.57	939,533.85
8	(1/1/85)	72,092.23	61,071.00	11,021.23	928,532.62
9	(7/1/85)	72,092.23	60,354.62	11,737.61	916,795.01
10	(1/1/86)	72,092.23	59,591.68	12,500.55	904,294.46
11	(7/1/86)	72,092.23	58,779.14	13,313.09	890,981.37
12	(1/1/87)	72,092.23	57,913.79	14,178.44	876,802.93
13	(7/1/87)	72,092.23	56,992.19	15,100.04	861,702.89
14	(1/1/88)	72,092.23	56,010.69	16,081.54	845,621.35
15	(7/1/88)	72,092.23	54,965.39	17,126.84	828,494.51
16	(1/1/89)	88,112.71	53,852.14	34,260.57	794,233.94
17	(7/1/89)	88,112.71	51,625.21	36,487.50	757,746.44
18	(1/1/90)	88,112.71	49,253.52	38,859.19	718,887.25
19	(7/1/90)	88,112.71	46,727.67	41,385.04	677,502.21
20	(1/1/91)	88,112.71	44,037.64	44,075.07	633,427.14
21	(7/1/91)	88,112.71	41,172.76	46,939.95	586,487.19
22	(1/1/92)	88,112.71	38,121.67	49,991.04	536,496.15
23	(7/1/92)	88,112.71	34,872.25	53,240.46	483,255.69
24	(1/1/93)	88,112.71	31,411.62	56,701.09	426,554.60
25	(7/1/93)	88,112.71	27,726.05	60,386.66	366,167.94
26	(1/1/94)	88,112.71	23,800.91	64,311.80	301,856.14
27	(7/1/94)	88,112.71	19,620.65	68,492.06	233,364.08
28	(1/1/95)	88,112.71	15,168.66	72,944.05	160,420.03
29	(7/1/95)	88,112.71	10,427.30	77,685.41	82,734.62
30	(1/1/96)	88,112.37	5,377.75	82,734.62	(-.00)
		$2,446,407.09	$1,446,407.09	$1,000,000.00	(-.00)

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

Annex A
to
Conditional Sale Agreement

PACCAR INC. (hereinafter in this Annex A called "PACCAR") warrants that the Equipment will be built in accordance with the requirements, specifications and standards set forth or referred to in Article 2 of this Agreement and, except in cases of articles and materials specified by the Lessee and not manufactured by PACCAR, warrants the Equipment to be free from defects in material and workmanship under normal use and service, the liability of PACCAR under this warranty being limited, as the Lessee may elect: (i) to repair the defects at PACCAR's plant; or (ii) to replacement of a defective part; or (iii) to the cost of repair or replacement according to the AAR Code of Rules Governing Condition of and Repairs to Freight and Passenger Cars with Interchange of Traffic. PACCAR shall be given reasonable opportunity to verify to its satisfaction any claim of defects in workmanship or materials.

The foregoing warranty of PACCAR shall begin at the time of delivery of a unit of the Equipment to the Lessee and terminate two years after such delivery. PACCAR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Vendee's and the Lessee's right under the foregoing warranty shall be their sole and exclusive remedy and PACCAR will have no liability for lost profit or for indirect, incidental, consequential or commercial losses. This warranty is expressly in lieu of all other warranties expressed or implied on the part of PACCAR, except for the patent indemnification included in this Annex A, and PACCAR neither assumes nor authorizes any person to assume for it any other warranty liability in connection with the construction and delivery of the Equipment, except as aforesaid.

PACCAR further agrees that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or modification by the Vendee or the Lessee of any of their rights under this Annex A.

Except in cases of articles or materials specified by the Lessee and not manufactured by PACCAR and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by PACCAR, PACCAR agrees to indemnify, protect and hold harmless the Vendee and the Lessee, as third party beneficiary 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 Vendee or the Lessee, their assigns or the users of the Equipment because of the use in or about the construction or operation of any of the equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Lessee, as a condition to being a third party beneficiary of this patent indemnification, likewise will indemnify, protect and hold harmless PACCAR 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 PACCAR because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by PACCAR or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by PACCAR which infringes or is claimed to infringe on any patent or other right. PACCAR agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Lessee every claim, right and cause of action which PACCAR has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Leseee and purchased or otherwise acquired by PACCAR for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. PACCAR further agrees to execute and deliver to the Lessee or the users of the Equipment all and every such further assurance as may be reasonably requested by the Lessee more fully to effectuate the assignment and delivery of every such claim, right and cause of action. PACCAR will give notice to the Lessee of any claim known to PACCAR from which liability may be charged against the Lessee hereunder and the Lessee will give notice to PACCAR of any claim known to the Lessee from which liability may be charged against PACCAR hereunder. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

Upon written request of the Lessee, PACCAR agrees to confirm in writing to the Lessee that the foregoing indemnifications and warranties may be enforced by the Lessee against PACCAR.

Annex B
to
Conditional Sale Agreement

Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price*	Estimated Total Base Price*	Estimated Time and Place of Delivery
62'-6" 100 Ton, Steel Sheath insulated "RBL" cars	RBL	PACCAR INC. PC-662 October 17, 1978, as amended	Renton, Washington	250	MRS 2500-2749	$71,500	$17,875,000	July-December 1980 at Renton, Washington

* Including freight charges from Builder's plant to St. Louis, Missouri, to be prepaid by Builder.

ANNEX C
to
Conditional Sale Agreement

[CS&M Ref. 1413-016]

LEASE OF RAILROAD EQUIPMENT

Dated as of May 20, 1980

among

ST. LOUIS REFRIGERATOR CAR COMPANY,

Lessee,

ANHEUSER-BUSCH, COMPANIES, INC.,
and
ANHEUSER-BUSCH, INC.,

Guarantors,

GATX THIRD AIRCRAFT CORPORATION,

Lessor,

and

GATX LEASING CORPORATION,

Vendee Parent.

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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LEASE OF RAILROAD EQUIPMENT dated as of May 20, 1980, among ST. LOUIS REFRIGERATOR CAR COMPANY, an unincorporated common law trust (the "Lessee"), ANHEUSER-BUSCH, INC., a Missouri corporation and ANHEUSER-BUSCH COMPANIES, INC., a Delaware corporation (hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors"), GATX THIRD AIRCRAFT CORPORATION, a Delaware corporation (the "Lessor"), and GATX LEASING CORPORATION, a Delaware corporation (the "Vendee Parent").

WHEREAS the Lessor and the Vendee Parent are entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Paccar Inc., a Delaware corporation (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Appendix A hereto;

WHEREAS the Builder is assigning certain of its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof (the "Assignment") to Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation, acting as agent for certain investors under a Participation Agreement dated as of the date hereof (the "Participation Agreement") among said agent, the Lessee, the Guarantors, the Lessor and Aetna Life Insurance Company (the "Original Investor", and together with its assigns, the "Investors") (said agent as so acting, being hereinafter, together with the Investors and its and their successors and assigns, called the "Vendor");

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

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") dated as of the date hereof and the Lessee and each of the Guarantors will acknowledge and consent thereto pursuant to the Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

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 delivered to and accepted by the Lessor under the CSA to the Lessee upon the following terms and conditions:

§ 1. NET LEASE

This Lease is a net lease. Each of the Lessee's and the Guarantors' obligations to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, neither the Lessee nor any Guarantor shall be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee or any Guarantor against the Lessor under this Lease or the CSA including the Lessee's and the Guarantors' rights by subrogation thereunder to the Builder, 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, the prohibition of or other restriction against the Lessee's or the Guarantors' 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 against the Lessee or any Guarantor, 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, each of the Lessee and the Guarantors 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 or any Guarantor hereunder shall be final and neither the Lessee nor such

Guarantor shall seek to recover all or any part of such payment (except for any excess payment made in error) from the Lessor or the Vendor for any reason whatsoever.

§ 2. DELIVERY AND ACCEPTANCE OF UNITS

The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessor under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Lessor. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor under the CSA and on behalf of itself hereunder and execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") 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 of such Certificate of Acceptance and is marked in accordance with § 5.1 hereof, whereupon 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.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments payable, in arrears, on January 1 and July 1 of each year, commencing on July 1, 1981, to and including January 1, 1996 (each such date hereinafter referred to as a "Rental Payment Date"). In respect of each Unit subject to this Lease, (a) each of the first 15 semiannual rental payments shall be in an amount equal to 5.358237% multiplied by the Purchase Price of each such Unit, and (b) the last 15 semiannual rental payments shall be in an amount equal to 6.548955% multiplied by the Purchase Price of each such Unit.

The Lessee and the Lessor agree that, except as hereinafter provided the rentals payable hereunder and the Casualty Value percentages set forth in Appendix B hereto will be adjusted upward or downward to reflect the occurrence

of any Closing Date on a date which causes September 1, 1980 (the 243rd day of 1980), not to be the average of all Closing Dates for all Units (such average of all Closing Dates to be a weighted average determined by (i) multiplying the number of Units purchased by the Lessor on each Closing Date by the actual number of days elapsed from and including January 1, 1980, to such Closing Date (the "Equipment Days"), (ii) adding together the Equipment Days for all Closing Dates ("Total Equipment Days"), and (iii) dividing such Total Equipment Days by the aggregate number of Units purchased by the Lessor and leased hereunder.

Any such rental adjustment will be effective as of July 1, 1981, and will be made in such manner as will result in the Lessor's reasonable judgment, in preserving for the Lessor both the after-tax rate of return and the after-tax cash flow that would have been realized by the Lessor had such event not occurred, (i) based on the rates of Federal, state and local taxes on, or measured by, net income in effect from time to time, and (ii) in all other respects based on the assumptions and methods of calculation utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents. Any provision hereof to the contrary notwithstanding, the rentals payable hereunder and Casualty Value percentages will never be less than those amounts and percentages required to enable the Lessor to satisfy its obligations to pay or repay the CSA Indebtedness and interest thereon, regardless of any limitation of liability set forth in the CSA. The Lessor shall furnish the Lessee and the Vendor prior to the effective date of such rental adjustment with a notice setting forth in reasonable detail the computations and methods used in computing such rental adjustment.

3.2. Payments on Nonbusiness Days. If any Rental Payment Date referred to in § 3.1 is not a business day the rental payment otherwise payable on such date shall be payable on the preceding 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 Hartford, Connecticut, St. Louis, Missouri, Baltimore, Maryland, and San Francisco, California, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Lessor. Upon execution and delivery of the Lease Assignment and until the Vendor shall have advised the Lessee in writing that all sums

due from the Lessor under the CSA have been fully satisfied and discharged, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease to the Vendor, for the account of the Lessor, in care of the Vendor, with reference to the instructions delivered to the Vendor by the Lessee on the Documents Closing Date (as defined in the Participation Agreement) (a) first to apply such payments to satisfy the obligations of the Lessor under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance forthwith to the Lessor or to the order of the Lessor in immediately available funds at such place as the Lessor shall specify in writing. If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Vendor in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied, the semiannual installments of rental due hereunder, and any payments with respect to Casualty Occurrences or Terminations thereafter due pursuant to § 7 hereof shall be made to the Lessor in immediately available funds in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 11:00 a.m. in the city where such payment is to be made.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery of such Unit under the CSA and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee and Guarantors Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee and each of the Guarantors under this Lease and in and to the Units are subject to the rights 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) without affecting the indemnities which by the provisions of this Lease survive the termination of its term, all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder and (ii) the Lessee is complying with the provisions of the Consent, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification 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, permanently 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 property in such Unit and the rights of the Lessor under this Lease and of 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 on both sides thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification 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 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, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates, but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. GENERAL TAX INDEMNIFICATION

The Lessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify on an after-tax basis the Lessor and the Vendor and their successors and assigns and any affiliate of any of the foregoing (the "Indemnified Persons") against all taxes, assessments, fees, withholdings, and other governmental charges of any nature whatsoever, including, without limitation, penalties and interest (all such taxes, assessments, fees, withholdings, governmental charges, penalties and interest being hereinafter called "Taxes"), imposed on, incurred by, or asserted against any Indemnified Person or any Unit in whole or in part on account of, or with respect to, this Lease or the CSA or any document referred to herein or therein or any of the transactions contemplated hereby or thereby or the manufacture, purchase, acceptance or rejection of the Units or any portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, transfer of title, operation, maintenance, repair, condition, sale, return, or other disposition of the Units or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom by any Federal, state, or local governmental taxing authority or by any foreign government or any international organization or any subdivision or taxing authority thereof; provided, however, that there shall be no indemnification thereunder: (i) for any Taxes imposed on or measured by any fees or compensation received by any Indemnified Person (other than payments made to the Lessor pursuant to the Participation Agreement or any exhibits thereto); (ii) for any Federal, state, or local taxes on, measured by or based upon net income (including any such Tax imposed by the state or any political subdivision thereof where the applicable Indemnified Person maintains its principal place of business ("home jurisdiction")) and any capital gains taxes, excess profits taxes, minimum taxes for tax preferences, accumulated earnings taxes and personal holding company tax, of any Indemnified Person; (iii) for franchise and value added taxes which are in lieu of such net income taxes; (iv) for gift taxes; (v) for Federal, state, or local inheritance taxes; (vi) for any tax imposed on or

measured by the capital or net worth of any Indemnified Person; (vii) for any tax imposed upon the capital, net worth, net income, loans or other investments of the applicable Indemnified Person; and (viii) for penalties and interest to the extent accrued by reason of the negligence, misconduct, or default of the party to be indemnified; provided, however, that the foregoing exclusions described in (ii), (iii) and (vi) above shall not apply to any aggregate net increase (net of any readily calculable off-setting state and local tax benefits) in such Taxes imposed on the Lessor by state, local, and other taxing authorities in the United States (other than the Taxes referred to in clauses (ii), (iii), and (vi) by the home jurisdiction). The Lessee shall pay all Taxes for which it assumes liability hereunder when such Taxes are due and will indemnify each Indemnified Person to the extent required by this § 6 within 30 days after receipt of a written request by such Indemnified Person for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes in question; provided, however, that if any Taxes are being contested in accordance with the seventh paragraph in this § 6, any payment shall be made at the time therein provided.

In the event that any Taxes indemnified under this § 6 are credited against or deducted in computing the United States Federal income tax liability, or home jurisdiction tax liability, or both, of any Indemnified Person, then to the extent such credit or deduction results in an actual reduction in the United States Federal income or home jurisdiction tax liability of such Indemnified Person, such party shall repay to the Lessee an amount which, after taking into account all tax benefits resulting from such repayment, is equal to such reduction.

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 first paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed Taxes hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements, or reports with respect to Taxes other than (i) with respect to Federal, state or local income tax, or (ii) any tax to the extent measured in whole or in part by any fees or compensation paid to the Lessor or Vendor, or (iii) any other tax excluded from indemnity hereunder, are required to be made, the Lessee will

make such returns, statements and reports in such manner as is consistent with the interest of the Lessor and the Vendor in such Units; provided, however, that the Lessor shall, with respect to any state or political subdivision thereof of the United States of America, file such returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges arising from the value added to the Unit by the Lessor, as the Lessee shall determine are required to be filed, and as shall be prepared by the Lessee, and shall remit the amount thereof upon payment by the Lessee to the Lessor (such payment to be made promptly upon demand by the Lessor therefor) of such taxes, fees, and charges except as provided above. To the extent that the Lessor has information necessary to the preparation of such returns, statements, and reports, it will furnish such information to the Lessee. Each Indemnified Person agrees that it will promptly forward to the Lessee any written notice, bill, or advice received by it concerning any Taxes for which it intends to seek indemnification hereunder and will use its best efforts and take such lawful and reasonable steps as may be requested by the Lessee to minimize any such Taxes for which the Lessee is responsible under this § 6.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in the name of the Lessor and on its behalf; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit its compliance with the requirements of taxing jurisdictions.

If an Indemnified Person receives a written notice from any taxing authority asserting liability for any Taxes or proposing an increase in the liability of any Indemnified Person for any such Taxes (such assertion or such proposed increase being hereinafter called a "Claim"), indemnification for which would be required under this § 6, the Indemnified Person will notify the Lessee within a reasonable time of

such Claim in writing. If the Lessee delivers to such Indemnified Person written notice of its desire to contest such Claim within 30 days after receipt of notice from such Indemnified Person together with an opinion of independent tax counsel that there exists a reasonable basis for contesting such Claim, such Claim will be contested in accordance with this paragraph except to the extent such Claim represents amounts payable to the Vendor under Article 6 of the CSA. The Indemnified Person shall have the exclusive right to conduct the contest unless such is waived in writing, in which event the contest and all preparation therefor shall be the sole responsibility of the Lessee and, in either case, shall be conducted entirely at its expense. Such Indemnified Person will cooperate with any reasonable request made by the Lessee in connection therewith; provided, however, that such Indemnified Person may in its sole discretion determine in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund, and such Indemnified Person shall not be required to take any action pursuant to this paragraph unless and until the Lessee shall have agreed to pay such Indemnified Person on demand all costs and expenses which such Indemnified Person may incur in connection with contesting such Claim (including fees and disbursements of counsel). If in any such contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to such Indemnified Person on an interest-free basis sufficient funds to pay the Taxes which are to be contested. Upon receipt by any Indemnified Person of a refund of any Taxes paid by the Lessee pursuant to this paragraph, the amount of such refund and an amount equal to the applicable statutory rate of interest payable with respect to such refunds by the applicable governmental authority shall be paid to the Lessee forthwith upon receipt of the refund by such Indemnified Person.

The Lessor will permit the Lessee to contest any Claims which the Lessor has the right to contest under Article 6 of the CSA in accordance with the rights of the Lessor thereunder.

The Lessee covenants and agrees to pay all amounts due under this § 6 free of any Taxes and to indemnify each Indemnified Person against any Taxes imposed by reason of any payment made by the Lessee so that the Indemnified Person to whom or for whose benefit the payment is made shall receive an amount which, net of any Taxes or other charges required to be paid by such Indemnified Person in respect thereof,

shall be equal to the amount of payment otherwise required hereunder.

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

§ 7. PAYMENT FOR CASUALTY OCCURRENCES; TERMINATION; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit of Equipment shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to § 14 or 17 hereof, or any Unit shall have been returned to the Builder pursuant to the patent indemnity provisions of the CSA or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof (such occurrences being hereinafter called "Casualty Occurrences"), the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. Except as provided in § 7.5 hereof, on the next succeeding Rental Payment Date (each such date being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Lessor a sum equal to the Casualty Value (as defined in § 7.5 hereof) of any such Unit as of such Casualty Payment Date, plus the semiannual rental in respect of such Unit accrued as of such Rental Payment Date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to § 14 or 17 hereof, the Lessee shall make such payment to the Lessor on a date 30 days after such Casualty Occurrence; provided further, that if a Casualty Occurrence should occur 45 days or less prior to a Rental Payment Date, the Lessee shall pay to the Lessor within 45 days of such Casualty Occurrence the Casualty Value as of such Rental Payment Date plus interest at the rate of 13% per annum computed on such Casualty Value from such Rental Payment Date to the date of

such payment and shall pay the semiannual rental in respect of such Unit accrued as of such Rental Payment Date on such Rental Payment Date. 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, as between the Lessor and the Lessee, in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Lessor shall be entitled to recover possession of such Unit, subject to the right of the Lessee to dispose of such Unit as agent for the Lessor as provided in the third paragraph of this § 7.1.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Lessor with respect thereto and pay the Lessor, as the Casualty Value therefor, an amount equal to 47.050% of the Purchase Price of such Unit. All payments received by the Lessor or the Lessee from the United States Government or any other governmental entity 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.

Following any payment of Casualty Value by the Lessee, the Lessee shall be entitled to receive and retain for its own account all condemnation payments in respect of such Unit. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then, upon notice to the Lessor, the Lessee shall dispose of such Unit as agent for the Lessor, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value previously paid to the Lessor, and the balance of such proceeds shall be promptly paid to the Lessor. In the event such Unit shall be returned by the governmental entity, such Unit shall be retained by the Lessee and the Lessee shall thereupon be vested with all rights, title and interest of the Lessor to

such Unit, provided that the Lessee has paid to the Lessor the Casualty Value of such Unit.

7.2. Requisition Not Constituting a Casualty Occurrence. In the event of the requisition for use (i) by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof) or (ii) by any other governmental entity which does not result in a loss of possession by the Lessee for a period of 90 consecutive days, 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. All payments received by the Lessor or the Lessee from the United States Government or any other governmental entity 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.

7.3. Lessee to Retain Units Suffering a Casualty Occurrence. Provided that the Lessee has previously paid the Casualty Value of a Unit to the Lessor, such Unit and any proceeds thereof shall be retained by the Lessee and the Lessee shall thereupon be vested with all rights, title and interest of the Lessor to such Unit and any proceeds thereof.

7.4. Payments After Expiration of Lease. If the date upon which the making of the payment by the Lessee in § 7.1 hereof in respect of any Unit is required as aforesaid shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value. The Casualty Value of each Unit as of the Casualty Payment Date on which payment is to be made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Annex B hereto opposite the Casualty Payment Date next succeeding the actual date of such Casualty Occurrence, or if there is no such Casualty Payment Date, the last Casualty Payment Date; but in no event shall such amount be less than the Casualty Value (as defined in paragraph 7.3 of the CSA) as of such Casualty Payment Date; provided, however, that if a Unit should suffer a Casualty Occurrence after delivery of such Unit to the Vendee but prior to settlement for such Unit, the Casualty Value of such Unit shall be the Purchase Price of such Unit and shall be payable on the next Closing Date following such Casualty Occurrence.

7.6. No Release. 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.

7.7. Insurance To Be Maintained. (1) The Lessee will (i) at all times prior to the return of the Units to the Lessor at its own expense, cause to be carried and maintained public liability insurance with respect to third party personal injury and property damage and (ii) may, at its option, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto; provided, however, that if, in the reasonable opinion of the Lessor or the Vendor, the Lessee's or either Guarantor's financial condition has materially and adversely changed from its condition as of the date hereof such that property insurance on such Units is required to assure the Lessor's or either Guarantor's ability to meet their respective obligations under the Lease, the Lessor or the Vendor shall so notify the Lessee and the Lessee shall promptly arrange for insurance to be carried and maintained on such Units. The Lessee will carry such insurance in such amounts, for such risks, with such deductibles and with such insurance companies, satisfactory to the Lessor and the Vendor and in any event consistent with prudent industry practice and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units. The proceeds of any such insurance shall be payable to the Vendor, the Lessor and the Lessee, as their respective interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Lessor, and, so long as there is no Event of Default hereunder, the Lessee as their respective interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation, expiration or material change in coverage to the Lessor and the Vendor, (ii) name the Lessor and the Vendor as additional named insureds as their respective interests may appear and (iii) waive any right to claim any premiums or commissions against the Lessor and the Vendor. In the event such policies shall contain breach of warranty provisions such policies shall provide that in respect of the interests of the Lessor and the Vendor in such policies the insurance shall not require contributions from other policies held by the Lessor or the Vendor and shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor and the Vendor, respectively) and

shall insure the Lessor and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor or the Vendor, respectively). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7, the Lessee shall deliver to the Lessor certificates issued by the insurer(s) for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of any certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the certificate upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

7.8. Insurance Proceeds, Condemnation Payments and Other Proceeds. If the Lessor shall receive (directly or from the Vendor) any insurance proceeds, condemnation payments or other proceeds in respect of such Units suffering a Casualty Occurrence, the Lessor shall pay the entire amount of such proceeds or payments to the Lessee; provided, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Lessor. All insurance proceeds received by the Lessor (directly or from the Vendor) 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.

7.9. Economic Obsolescence. In the event that the Lessee shall, in its reasonable judgment, determine that the Units have become surplus to its need or obsolete in the Lessee's business, the Lessee shall have the right, at its option and on at least 120 days' prior written notice to the Lessor, to terminate (a "Termination") this Lease as to all the Units as of any Rental Payment Date on or after Janu-

ary 1, 1984, specified in such notice (the "Termination Date"); provided, however, that (i) no Event of Default or other event which after the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing and (ii) on the Termination Date each Unit shall be in the same condition as if being redelivered pursuant to § 14 hereof.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all Units, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date, unless the Lessee shall have revoked its option to terminate this Lease, the Lessor shall sell all Units for cash to the bidder who shall have submitted the highest bid prior to the Termination Date, shall warrant to such bidder that the title to such Units shall be free and clear of all liens, claims and encumbrances and shall covenant to discharge all liens, claims and encumbrances arising from, through or under the Lessor. The total sale price realized at such sale shall be applied to the prepayment of the CSA Indebtedness in accordance with Article 7 of the CSA and any balance shall be retained by the Lessor.

On such Termination Date, the Lessee shall pay to the Lessor (i) the excess, if any, of the Termination Value for each Unit computed as of such date over the sale price of such Unit after the deduction of all expenses incurred by the Lessor in connection with such sale and (ii) the rental payment due on such Termination Date. The Termination Value of each Unit as of the payment date on which payment is to be made shall be the Casualty Value as of such date plus an amount equal to the prepayment premium, if any, payable pursuant to Article 7 of the CSA on such date in respect of the CSA Indebtedness to be prepaid by the Lessor on such Date. In no event shall the aggregate amount retained by the Lessor and received by the Lessor as aforesaid be less than the Termination Value (as defined in the CSA) as of such date.

If no sale shall occur on the date scheduled therefor as provided above, this Lease shall continue in full

force and effect without change unless and until the Lessee pays to the Lessor the Termination Value of each Unit and returns each Unit to the Lessor pursuant to § 14 hereof; provided, however, that this Lease shall not terminate as to any Unit unless the CSA Indebtedness in respect of all Units is prepaid on the Termination Date pursuant to Article 7 of the CSA.

In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of the Units on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

If the Lessee shall exercise its option to terminate, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given 90 days after the termination notice is given to the Lessor, elect to retain the Units, in which case the Lessee shall not be obligated to pay the Termination Value to the Lessor; provided, however, that such written notice shall not be effective and this Lease shall not terminate unless the Lessor shall first have deposited with the Vendor sufficient funds to prepay the CSA Indebtedness on the Termination Date pursuant to Article 7 of the CSA, together with all accrued interest and applicable prepayment premium. In the event the Lessor shall so elect to retain the Units, the Lessee shall deliver the Units to the Lessor in accordance with the provisions of § 14 hereof.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and

covered by the CSA, the total number, description and identification 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 repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof and by the CSA have been preserved or replaced (c) stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Unit and that no event has occurred which with the lapse of time or notice or both would constitute an Event of Default and (d) further identifying those Units to which the Lessee has made additions and accessions pursuant to § 11.2 of this Lease and describing such additions and accessions and the cost thereof. The Lessor and the Vendor shall each 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 or the Vendor may request during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES; WARRANTY OF TITLE

THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY 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 DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR 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 the CSA; <u>provided</u>, <u>however</u>,

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 or the Vendor based on any of the foregoing matters.

The Lessor warrants that, upon its leasing of the Units of Equipment to the Lessee pursuant to this Lease, title to the Units shall be of the same quality as was conveyed to the Lessor by the Builder. The Lessor covenants that, during the term of this Lease, or during any renewal term thereof, the Lessor shall not create, suffer or permit any liens or encumbrances on the Units in favor of any person claiming by, through or under the Lessor (other than the Vendor or the Lessee) and, should any such liens or encumbrances arise during the term of this Lease or during any renewal term thereof, the Lessor shall promptly discharge all such liens or encumbrances.

§ 10. LAWS AND RULES

10.1. Compliance. 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 laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administra-

tive or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition 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 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.

10.2. Reports by Lessor. The Lessee agrees to prepare and deliver to the Lessor and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and the Vendor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee. The Lessor agrees to inform the Lessee of any request for such reports received by the Lessor.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the interchange rules of the American Association of Railroads or other applicable regulatory body, and in the same condition as other similar Equipment owned or leased by the Lessee.

11.2. Additions and Accessions. (1) Except as set forth in §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to

the extent such additions, modifications or improvements are made in order to comply with § 11.2(2) hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of its agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required 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, for the operation or use of such Unit in railroad interchange, 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 and except for liens arising by, through or under the Lessor) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee and each of the Guarantors shall pay, and shall protect, indemnify and hold the Lessor and the Vendor and any assignee thereof, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent and other defects whether or not discoverable by the Lessor, the Vendor or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort;

(v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Lessor, the Lessee, any Guarantor or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, except that the Lessee shall not indemnify an Indemnified Person to the extent any such violation arises from the negligence, misconduct or default of such Indemnified Person; or (vii) any claim arising out of any of the Lessor's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except that the Lessee shall not indemnify an Indemnified Person to the extent such claim arises from the negligence, misconduct or default of such Indemnified Person and except further that the Lessee shall not be obligated by this Article 12 to indemnify an Indemnified Person with respect to any loss described in the Indemnity Agreement. The Lessee and each of the Guarantors shall jointly and severally be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's and Guarantors' expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee or any Guarantor and approved by such Indemnified Person and, in the event of any failure by the Lessee or any Guarantor to do so, the Lessee or such Guarantor shall pay all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee or any Guarantor is required to make any indemnification payment under this § 12, the Lessee or such Guarantor shall

pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Lessor each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12 by the Lessee or any Guarantor, the Lessee or such Guarantor, as the case may be, shall be subrogated to any right of such Indemnified Person (except where the Lessee is also indemnifying a person against whom the Indemnified Person has rights) in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee or any Guarantor pursuant to this § 12.1 shall be paid over to the Lessee or such Guarantor, as the case may be, to the extent necessary to reimburse the Lessee or such Guarantor for indemnification payments previously made. Nothing in this § 12.1 shall constitute a guarantee by the Lessee or any Guarantor of the CSA Indebtedness of the Lessor under the CSA or a guarantee of the residual value of any Unit.

12.2. Indemnification of the Lessor and the Vendor. The Lessee and the Guarantors further agree to indemnify, protect and hold harmless the Lessor and the Vendor, 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 and the Lessor because of the use in or about the construction or operation of any of the Equipment 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 from which liability may be charged against such Builder hereunder.

12.3. Survival. The indemnities contained in this § 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee or any Guarantor therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any amount provided for in § 3, 7 or 16 hereof, and such default shall continue for 10 days (provided that payment by a Guarantor within such 10-day period shall not be deemed a default under this § 13.1(a)).

(B) the Lessee or any Guarantor 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;

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee or any Guarantor contained herein, in the Participation Agreement or the Indemnity Agreement (as defined in the Participation Agreement) and such default shall continue 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) any representation or warranty made by the Lessee or any Guarantor herein, in the Participation Agreement or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreements, proves untrue in any material respect as of the date of issuance or making thereof;

(E) a petition for reorganization under Title 11 of the United States Code, as now constituted or as may hereafter be amended, shall be filed by or against the Lessee or any Guarantor 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 or such Guarantor under this Lease 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 appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed;

(F) any other proceedings shall be commenced by or against the Lessee or any Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder 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 or such Guarantor 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 or such Guarantor under this Lease 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 Lessee or such Guarantor or for the property of the Lessee or such Guarantor in connection with any 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 proceedings shall have been commenced;

(G) an event of default set forth in Article 16 of the CSA shall have occurred and be continuing arising out of any default by the Lessee or any Guarantor in performing any of its obligations hereunder;

(H) default shall be made with respect to any evidence of indebtedness or with respect to any liability for borrowed money, in excess of $50,000,000, of the Lessee or any Guarantor or the performance of any other obligation incurred in connection with any such indebtedness or liability if the effect of such default is to permit the holder or obligee thereof (or a trustee on behalf of such holder or obligee) to cause any such indebtedness to become due prior to its stated maturity;

(I) any evidence of indebtedness or any liability for borrowed money, in excess of $50,000,000, of the Lessee or any Guarantor shall not be paid as and when due and payable (including any applicable grace period);

(J) any event shall occur which permits any person (other than the holders of common stock) to elect a majority of the members of the Board of Directors or other governing body of the Lessee or any Guarantor.

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

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days

less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee or any Guarantor as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Lessor, in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, (such present value to be computed on the basis of a 10% per annum discount, compounded semiannually from the respective dates upon which rental would have been payable hereunder had this Lease not been terminated) over the then present value of the rental (determined (at the Lessee's expense) by an independent appraiser) to be obtainable for each Unit during such period or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount determined by an independent appraiser (at the Lessee's expense) to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable by the Lessee or any Guarantor pursuant to the preceding clause (ii) with respect to such Unit shall demand that the Lessee or such Guarantor pay the Lessor and the Lessee or such Guarantor shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

13.2. Remedies Not Exclusive; Waiver. 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 and the Guarantors hereby waive 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. The Lessee and the Guarantors hereby waive any and all existing or future claims to any offset against the rental payments due hereunder, and agree to make such payments regardless of any offset or claim which may be asserted by the Lessee or any Guarantor or on behalf of either of them.

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

13.4. Notice of Event of Default. The Lessee and the Guarantors agree 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 § 13.4, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee or any Guarantor in this Lease contained, any corporate officer of the Lessee or such Guarantor who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 13 hereof or pursuant to Article 16 of the CSA, 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, reasonable wear and tear excepted, and shall have attached or affixed thereto any special device considered an accession thereto as provided

in § 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units 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 or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks as the Lessor reasonably may designate;

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

(c) cause the same to be transported to any reasonable place within the continental United States 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 and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in the manner set forth in § 11.1 hereof, insure the Units in accordance with the provisions of § 7.7 hereof and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease whether as a result of an Event of Default or otherwise 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 .0297677% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

14.2. Lessor Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, 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.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Lessor upon prior written consent of the Lessee, which consent shall not be unreasonably withheld. The Lessee hereby consents to the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (a) no Event of Default exists hereunder and (b) the Lessee is complying with the provisions of the Consent, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA. The Lessee agrees to use the Units solely within the United States of America except that the Lessee may use the Units outside of the United States if but only if (i) the use of such Units outside the United States 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, (ii) not more than 15% of the Units subject to this Lease are located outside of the United States of America at any one point in time and (iii) such use outside of the United State does not exceed 90 Unit Days (as defined in Paragraph 5(f) of the Participation Agreement) in any one year. Without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as provided in paragraph (2) below of this § 15.2. The Lessee, at its own expense, will forthwith pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien,

charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests of the Lessor and the Vendor) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to assign its rights to the Units or to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA and without affecting the Lessee's obligations hereunder which shall continue in full force and effect; provided, however, that the Lessee shall not assign, sublease or permit the assignment, sublease or use of any Unit predominantly outside the United States of America within the meaning of Section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor shall the Lessee assign or sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code; and provided further, that the Lessee shall not without the Lessor's prior written consent assign, sublease, or permit the assignment, sublease or use of the Units by any person (i) who shall then be in default under any instrument evidencing indebtedness or with respect to any liability for borrowed money or for the deferred purchase price of property or (ii) who shall then be engaged in any proceedings for relief under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions of indebtedness. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph

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 expressly subject and subordinate 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 hereunder and shall provide that, upon the occurrence of an Event of Default hereunder, all payments to be made thereunder shall be payable to the Lessor or its assignee; provided further, however, that (a) so long as no Event of Default exists under this Lease and (b) the Lessee is complying with the terms of the Consent, the sublessee shall be entitled to the possession of the Units included in the sublease and the use thereof.

15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this § 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of 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) 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, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease; provided, however, that unless the net worth of such assignee or transferee (consolidated with its parent) is equal to or greater than that of the Lessee and the Guarantors (on a consolidated basis) immediately following such merger, consolidation or acquisition, such assignment or transfer shall not release the Guarantors from their obligations hereunder, and under the Consent and the Indemnity Agreement.

§ 16. RENEWAL OPTION; RIGHT OF REFUSAL

16.1. Renewal for Successive Period. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, (i) the Lessee may, by written notice delivered to the Lessor not less than 180 days nor more than 270 days prior to the end of the original term

of this Lease in respect of the Units still subject to this Lease, elect to extend such original term of this Lease in respect of all but not less than all the Units then covered by this Lease for a period of five years (the "first extended term") commencing on the scheduled expiration of such original term of this Lease, at a semiannual rate of 3.6% of the Purchase Price of each Unit then subject to this Lease, payable in semiannual payments in arrears, on each semiannual anniversary of the original term, and (ii) the Lessee, if it has elected as aforesaid, may also, by written notice delivered to the Lessor not less than 180 days prior to the end of the first extended term, elect to further extend the term of this Lease in respect of all but not fewer than all the Units then covered hereby for an additional period of five years (the "second extended term") commencing on the scheduled expiration of the first extended term, and (iii) the Lessee, if it has elected as aforesaid, may also, by written notice delivered to the Lessor not less than 180 days prior to the end of the second extended term, elect to further extend the term of this Lease in respect of all but not fewer than all the Units then covered hereby for an additional period of five years (the "third extended term") commencing on the scheduled expiration of the second extended term. The amount of rentals for the second and third extended lease terms shall be at a "Fair Market Rental" payable in semiannual payments, in arrears, on each semiannual anniversary of the original term in each year of such extended term. In the event of any such renewal, the Casualty Value payable in respect of a Casualty Occurrence involving any Unit shall be determined by mutual consent of the Lessor and the Lessee, failing which, such Casualty Value shall be determined in the manner set forth for the determination of Fair Market Rental in § 16.2(2) hereof.

16.2. Determination of Fair Market Rental.
(1) Fair Market Rental shall be determined for the second and third extended terms of this Lease 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 on the assumption that the Units are in the condition required by § 17 hereof, and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental; provided, however, that in no event shall the basis of the Fair Market Rental with respect to which the Lessee's rent for the second extended term is

calculated exceed 60% of Purchase Price of all Units then subject to this Lease.

(2) If, after 30 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 the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by 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 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 25 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 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 55 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 appraisal 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 consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be divided equally between the Lessee and the Lessor.

16.3. Right of Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, and provided further that the Lessee has not notified the Lessor of its intention to extend or further extend the term of this Lease as described in the first paragraph of this § 16 then in the event the Lessor elects to sell any Units to third parties at the expiration of the original or, if extended, any extended term of this Lease, the Lessee shall be given written notice of such intention to sell such Units prior to the expiration of such term. In the event that the Lessor shall receive, at any time within 120 days following the expiration of such original or extended term, as the case may be, a bona fide offer in writing from another party unrelated to the Lessee to purchase such Units and the Lessor elects to sell such Units pursuant to such offer at the expiration of such 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 to the Lessor. The Lessee shall have the right and option, exercisable as provided in the next succeeding sentence of this paragraph, to purchase such Units at the price at which such Units are proposed to be sold to the other party payable in accordance with the terms and conditions of payment offered by the other party; provided, however, that if the Lessee exercises such option following expiration of the first extended term, the Lessee shall have the right to purchase such Units at a price not in excess of the lesser of the bona fide offer price or 60% of the Purchase Price of all Units then subject to this Lease. Within 10 business days of receipt of notice from the Lessor, the Lessee may 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) 90 days 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 such 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.

Upon payment of the Fair Market Purchase Price of any Unit (or such other purchase price as is provided for herein), pursuant to an exercise by the Lessee of its right to purchase such Units, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or to the Lessee's

assignee or nominee, a bill of sale (without warranties) for such Units such as will transfer to the Lessee such title to such Units as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor. Notwithstanding the foregoing, if any Units so purchased are to be sold to the Lessee under a conditional sale agreement, the Lessor shall have the right to retain a security interest in such Units until such time as all payments in respect thereof have been made.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM

Upon the expiration of the original or any extended term of this Lease or any prior termination of this Lease for any reason, Lessee shall return each Unit to Lessor in good order and repair, excepting only reasonable wear and tear, by causing all Units to be moved, at Lessee's expense, onto Lessee's storage tracks in St. Louis, Missouri, and by keeping all such Units for a period of 90 days, without charge to Lessor for rent or storage during the first 30 days and for the remaining 60 days if such storage tracks are available. If during the latter 60 days such storage tracks are not available and Lessee shall deliver invoices of others for such storage and any applicable transportation charges of others, such invoices shall be paid by Lessor provided that such storage was arranged by Lessee on storage tracks nearest to Lessee's lines as may have been reasonably available. Any Units not delivered in accordance with this § 17 shall continue to be subject to all of the rights and duties of the parties set forth in this Lease. During any such storage period the Lessee will insure the Units in accordance with the provisions of § 7.7 hereof and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect required for a third party purchaser or third party lessee to immediately operate such Unit without further inspection, repair, replacement, alterations or improve-

ments (excluding third party peculiar requirements for compatibility with then existing third party products, equipment or facilities) under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction, and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, but in any event in no less manner than is set forth in § 11.1 hereof. 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 net amounts earned in respect of the Units after the expiration of the original term or any extended term hereof shall belong to the Lessor, and shall be paid over forthwith to the Lessor.

§ 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will further cause this Lease and/or appropriate financing statements or continuation statements to be filed and recorded, and, from time to time when required, refiled and rerecorded, in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the States of Missouri and California (and, if the Lessee changes its chief place of business, in any other state) in the same manner as if the Lessor's interest in this Lease represented a security interest or in any other state of the United States of America or the District of Columbia where filing is reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to the satisfaction of counsel of the Lessor and Vendor, of their interests and rights under this Lease for the purpose of carrying out the intention of this Lease. The Lessee will undertake the filing, registering, deposit and recording required of the trustee under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, 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 interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the CSA, the Assignment and the Lease Assignment shall be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery and acceptance hereunder of any Unit.

§ 19. 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, an amount equal to interest at 14% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at 14% per annum shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder.

§ 21. NOTICES

Any notice 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 One Embarcadero Center--Suite 2601, San Francisco, California 94111, Attention of Executive Vice President with a copy to Contracts Administration;

(b) if to the Lessee, at 2850 South Broadway, St. Louis, Missouri 63118, Attention of President;

(c) if to any Guarantor, at 721 Pestalozzi, St. Louis, Missouri, Attention of Assistant Treasurer, with copies to the Attention of General Counsel;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 22. SEVERABILITY

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

§ 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the Indemnity 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.

§ 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the

Vendor, the Builder and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. 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 Lease Assignment 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.

§ 26. LAW GOVERNING

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

§ 27. IMMUNITIES; NO RECOURSE

No recourse shall be had in respect of any obligation due under this Lease, 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 Lease.

§ 28. AGREEMENTS FOR BENEFIT OF LESSOR'S ASSIGNS

All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 12, 13, 14 and 17 and the right to receive the rentals payable under

this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

§ 29. TERM LESSOR

Whenever the term Lessor is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any CSA Indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

§ 30. GUARANTEE OF GUARANTORS

In consideration of inducing the Lessor to enter into this Lease, each Guarantor hereby jointly and severally unconditionally guarantees the due and punctual performance of all obligations of the Lessee (including without limitation the payment of money and the specific performance of such obligations) under this Lease, the Consent, the Participation Agreement and the Indemnity Agreement and the transactions contemplated hereby and thereby (all such obligations called "Obligations"). In the event that the Lessee fails to perform any of the Obligations at the time such Obligation is required to be performed under the Lease, the Consent, the Participation Agreement or the Indemnity Agreement, the Guarantors shall forthwith perform or cause to be performed, such Obligation.

The Guarantors agree that the Obligations may be extended, altered or modified, in whole or in part, without notice or further assent from it, and that they will remain bound hereunder notwithstanding any extension, alteration or modification of any Obligation.

Except in those cases in which notice is expressly provided for in this Lease, the Guarantors waive presentation to, demand of payment or performance from and protest to the Lessee of any of the Obligations, and also waives notice of protest for nonpayment or nonperformance of any of the Obligations both monetary and nonmonetary in nature. The joint and several obligations of the Guarantors hereunder shall not be affected by (i) the failure of the Lessor or the Vendor to assert any claim or demand or to enforce any right or remedy against the Lessee under the provisions of this Lease, the Consent, the Participation Agreement or the Indemnity Agreement

or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Lease or of any other agreement; (iv) the failure of the Lessor or the Vendor to exercise any right or remedy against any other guarantor of the Obligations; or (v) the failure of any Guarantor to receive notice of any extension, alteration or modification of any Obligation, this Lease, the Consent, the Participation Agreement or the Indemnity Agreement or any future agreement relating to the Obligations.

The Guarantors further agree that this undertaking constitutes a guarantee of payment when due (or performance when required, as the case may be) and not of collection.

The joint and several obligations of the Guarantors hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including without limitation any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any Obligation, this Lease, the Consent, the Participation Agreement or the Indemnity Agreement or otherwise. Without limiting the generality of the foregoing, the joint and several obligations of the Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Lessor or the Vendor to assert any claim or demand or to enforce any remedy under this Lease or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, wilful, as the result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Obligations, or by an other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantors or which would otherwise operate as a discharge of any Guarantor as a matter of law.

The Guarantors further agree that their undertakings hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations which are monetary in nature is rescinded or must otherwise be restored by the Lessor or the Vendor upon the insolvency, winding-up or reorganization of the Lessee or otherwise. In furtherance of the foregoing and not in limitation of any other right which the Lessor or the Vendor may have at law or in equity

against any Guarantor by virtue hereof, upon failure of the Lessee to make any payment on any of the Obligations which are monetary in nature when and as the same shall become due as required under this Lease, the Consent, the Participation Agreement or the Indemnity Agreement, the Guarantors hereby promise, and will, upon receipt of written demand by the Lessor or the Vendor, forthwith pay, or cause to be paid, to the Lessor or the Vendor in cash an amount equal to all such Obligations to the Lessor or the Vendor, as the case may be. In addition, in furtherance of the foregoing and not in limitation of any other right which the Lessor or the Vendor may have at law or in equity against any Guarantor by virtue hereof, upon failure of the Lessee to perform any of the Obligations which are nonmonetary in nature when the same shall be required to be performed under this Lease, the Consent, the Participation Agreement or the Indemnity Agreement, each Guarantor hereby promises, and will, upon receipt of written demand by the Lessor or the Vendor, forthwith perform strictly in accordance with the terms of this Lease, the Consent, the Participation Agreement or the Indemnity Agreement, or cause to be so performed, for the Lessor and the Vendor all such Obligations required to be performed.

§ 31. CONSENT TO LEASE

The Vendee Parent has joined in this Lease solely for the purpose of consenting to the lease of the Equipment to the Lessee by the Lessor pursuant to the terms hereof.

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

ST. LOUIS REFRIGERATOR CAR COMPANY,

[Seal]

by _____

Attest:

_____

ANHEUSER-BUSCH, INC.,

[Corporate Seal]

by _____

Attest:

_____
Assistant Secretary

ANHEUSER-BUSCH COMPANIES, INC.,

[Corporate Seal]

by _____

Attest:

_____
Assistant Secretary

GATX THIRD AIRCRAFT CORPORATION,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

GATX LEASING CORPORATION,

[Corporate Seal]

by _____

Attest:

_____
Authorized Officer

STATE OF MISSOURI,)
) ss.:
CITY OF ST. LOUIS,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ST. LOUIS REFRIGERATOR COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Company, that said instrument was signed and sealed on behalf of said Company by authority of its Board of Trustees, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Company.

Notary Public

My Commission expires

STATE OF MISSOURI,)
) ss.:
CITY OF ST. LOUIS,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ANHEUSER-BUSCH, 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

My Commission expires

STATE OF MISSOURI,)
) ss.:
CITY OF ST. LOUIS,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ANHEUSER-BUSCH COMPANIES, 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

My Commission expires

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of GATX THIRD AIRCRAFT 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 CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of GATX LEASING 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

APPENDIX A TO LEASE

Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Estimated Unit Base Price*	Estimated Total Base Price*	Estimated Time and Place of Delivery
62' 6" 100-Ton, steel sheath insulated "RBL" cars	RBL	PACCAR INC PC-662 October 17, 1978, as amended	Renton, Washington	250	MRS-2500-2749	$71,500	$17,875,000	July-December 1980 at Renton, Washington

* Includes freight charges from Builder's plant to St Louis, Missouri, to be prepaid by Builder.

APPENDIX B TO LEASE

Casualty Values

Casualty Payment Date	Percentage of Purchase Price
January 1, 1981	108.980%
July 1, 1981	111.460%
January 1, 1982	113.488%
July 1, 1982	115.047%
January 1, 1983	115.777%
July 1, 1983	116.243%
January 1, 1984	116.534%
July 1, 1984	116.548%
January 1, 1985	116.262%
July 1, 1985	115.713%
January 1, 1986	114.884%
July 1, 1986	113.807%
January 1, 1987	112.489%
July 1, 1987	111.009%
January 1, 1988	109.385%
July 1, 1988	107.621%
January 1, 1989	104.526%
July 1, 1989	101.276%
January 1, 1990	97.817%
July 1, 1990	94.165%
January 1, 1991	90.352%
July 1, 1991	86.518%
January 1, 1992	82.503%
July 1, 1992	78.275%
January 1, 1993	73.818%
July 1, 1993	69.371%
January 1, 1994	65.138%
July 1, 1994	60.737%
January 1, 1995	56.302%
July 1, 1995	51.698%
January 1, 1996	47.050%

APPENDIX C TO LEASE

CERTIFICATE OF ACCEPTANCE

This CERTIFICATE OF ACCEPTANCE, dated as of , 1973, executed and delivered by St. Louis Referigerator Car Company, an unincorporated common law trust ("Lessee"), to GATX Third Aircraft Corporation ("Lessor"), and to Paccar, Inc. ("Builder"), under the Conditional Sale Agreement dated as of May 20, 1980 ("Conditional Sale Agreement"), among Lessor and Builder,

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into that certain Lease dated as of May 20, 1980 (herein called the "Lease" and the terms defined therein being hereinafter used with the same meaning), which Lease provides for the execution and delivery from time to time of Certificates of Acceptance substantially in the form hereof for the purpose of confirming delivery and acceptance of the Units of the Equipment leased under the Lease; and

WHEREAS, the Conditional Sale Agreement provides for the execution and delivery from time to time of Certificates of Acceptance substantially in the form hereof for the purpose of confirming delivery and acceptance of the Units of the Equipment sold by Builder under the Conditional Sale Agreement;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessee hereby confirms and agrees as follows:

1. Lessee hereby accepts and leases from Lessor under the Lease, the Units or Unit of the Equipment (the "Delivered Unit") which are described below:

Number of Units	Description of Unit	Road Numbers

2. The acceptance date of the Delivered Unit is the date of this Certificate of Acceptance set forth in the opening paragraph hereof.

3. Lessee and Lessor hereby confirm that the Delivered Unit has been duly inspected in accordance with Section 2 of the Lease and Article 3 of the Conditional Sale Agreement and duly marked in accordance with the terms of Section 5 of the Lease and Article 10 of the Conditional Sale Agreement and that Lessee has accepted the Delivered Unit for all purposes hereof and of the Lease; provided, however, that nothing contained herein or in the Lease shall in any way diminish or otherwise affect any right which Lessee or Lessor may have with respect to the Delivered Unit against Builder or any subcontractor of Builder under the Conditional Sale Agreement.

4. The undersigned hereby simultaneously accepts the Delivered Units on behalf of Lessor, as the authorized representative of Lessor, under the Conditonal Sale Agreement and on behalf of itself as Lessee under the Lease.

IN WITNESS WHEREOF, Lessee has caused this Certificate of Acceptance to be duly executed as of the day and year first above written and to be delivered in the State of Washington.

ST. LOUIS REFRIGERATOR CAR COMPANY,
as Lessee,

by

_____

Title

[CS&M Ref. 1413-016]

ANNEX D
to
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 20, 1980 (this "Assignment"), by and between GATX THIRD AIRCRAFT CORPORATION (the "Lessor" or the "Vendee"), GATX Leasing Corporation (the "Vendee Parent") and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

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

WHEREAS ST. LOUIS REFRIGERATOR CAR COMPANY (the "Lessee"), ANHEUSER-BUSCH, INC., and ANHEUSER-BUSCH COMPANIES, INC. (hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors"), the Vendee and the Vendee Parent 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;

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 paragraph 4.3(b) of the CSA), the Lessor agrees to assign for security purposes certain of 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 (and the Vendee Parent hereby consents to such assignment) unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease (except any

amounts of indemnity payable to the Lessor) 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 and any Guarantor under or pursuant to the provisions of the Lease whether as rent, casualty payment, termination payment, indemnity, liquidated damages, or otherwise (such moneys 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 the Lease. 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 its attorney, 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 and each of the Guarantors with all the terms and provisions thereof. Notwithstanding the foregoing, the term "Payments" shall not be deemed to include indemnity payments by the Lessee payable to the Lessor pursuant to §§ 6 and 12 of the Lease (except indemnification payments payable to the Vendor pursuant to Articles 6 and 14 of the CSA) or pursuant to the Indemnity Agreement (as defined in the Participation Agreement).

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 or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA except that the Vendor may not make a Declaration of Default (as defined in the CSA) with respect to, or terminate

the Lease pursuant to Article 16 of the CSA by reason of, an event of default under subparagraph (a) or (e) of Article 16 of the CSA arising solely by reason of the failure of the Lessee to make any such rental payment, which failure, pursuant to subparagraph (e) of Section 16.1 of the CSA, would not constitute an event of default thereunder if the Lessor complies with the provisions thereof, unless such event of default is not remedied within 10 business days after receipt of notification given to the Lessor as aforesaid.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment 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 understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, 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, covenant and agreement which the Lease provides is 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, excuse, condone, forgive or in any manner release or discharge the Lessee or any Guarantor thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee or such Guarantor, as the case may be, 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 ask, require, demand, receive, compound 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 and each of the Guarantors 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. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee and the Guarantors in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied and instruct the Lessee and the Guarantors that no further payments under the Lease are to be made to the Vendor.

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

7. 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 subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

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

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at Two Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department, or such other address as the Vendor shall designate.

10. 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.

GATX THIRD AIRCRAFT CORPORATION,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____

GATX LEASING CORPORATION,

by

_____

[Corporate Seal]

Attest:

_____

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____
Assistant Vice President

[Corporate Seal]

Attest:

_____
Corporate Trust Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of GATX THIRD AIRCRAFT CORPORATION, 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 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 CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of GATX LEASING CORPORATION, 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 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 MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of July 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an 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 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

CONSENT AND AGREEMENT

The undersigned, ST. LOUIS REFRIGERATOR CAR COMPANY, an unincorporated common law trust organized and existing under the laws of the State of Missouri (the "Lessee"), ANHEUSER-BUSCH, INC., a Missouri corporation and ANHEUSER-BUSCH COMPANIES, INC. (hereinafter referred to individually as a "Guarantor" and collectively as the "Guarantors"), the Lessee and the Guarantors named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), each 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, termination payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease 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 Banking 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 Banking and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that the funds are "RE: St. Louis Car 5/20/80" (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) 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 or any Guarantor under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee or

any Guarantor the taking or omission of which might result in an 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.

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 Missouri and, for all purposes, shall be construed in accordance with the laws of said State.

ST. LOUIS REFRIGERATOR CAR COMPANY,

by _____

[Seal]

Attest:

_____

ANHEUSER-BUSCH, INC.,

by _____

[Corporate Seal]

Attest:

_____
Assistant Secretary

ANHEUSER-BUSCH COMPANIES, INC.,

by _____

[Corporate Seal]

Attest:

_____
Assistant Secretary