12249

RECORDATION NO. ..... Filed 1425

SEP 30 1980 -2 40 PM

INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA
NEW YORK, N. Y. 10005
212 HANOVER 2-3000
TELEX
RCA 233663
WUD 125547
WUI 620976

MAURICE T. MOORE
WILLIAM B. MARSHALL
RALPH L. McAFEE
ROYALL VICTOR
HENRY W. deKOSMIAN
ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY

DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN
WILLIAM P. DICKEY
STUART W. GOLD
JOHN W. WHITE

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

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

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

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

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

12249/B

RECORDATION NO. ..... Filed 1425

SEP 30 1980 -2 40 PM

INTERSTATE COMMERCE COMMISSION

12249/A

RECORDATION NO. ..... Filed 1425

SEP 30 1980 -2 40 PM

INTERSTATE COMMERCE COMMISSION

No. 0-274A147

Date SEP 30 1980

Fee $ 100.00

12249/

RECORDATION NO. ..... Filed 1425

ICC Washington, D. C.

SEP 30 1980 -2 40 PM

INTERSTATE COMMERCE COMMISSION

September 30, 1980

General American Transportation Corporation
Lease Financing Dated as of September 15, 1980
13-1/2% Conditional Sale Indebtedness Due January 5, 2001

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of General American Transportation Corporation for filing and recordation counterparts of the following documents:

New Member

(1) (a) Conditional Sale Agreement dated as of September 15, 1980, between The Connecticut Bank and Trust Company, as Trustee, and General American Transportation Corporation; and

— A

(b) Agreement and Assignment dated as of September 15, 1980, between Public Employees' Retirement Association of Colorado and General American Transportation Corporation.

— B

(2) (a) Lease of Railroad Equipment dated as of September 15, 1980, between General American Transportation Corporation and The Connecticut Bank and Trust Company, as Trustee; and

— C next page

Counterpart

J. A. Bonds

SEP 30 2 32 PM '80

FEE OPERATION

(b) Assignment of Lease and Agreement dated as of September 15, 1980, between The Connecticut Bank and Trust Company, as Trustee, and Public Employees' Retirement Association of Colorado.

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

(1) Vendor-Assignee:

Public Employees' Retirement Association
of Colorado,
1300 Logan Street,
Denver, Colorado 80203.

(2) Trustee-Vendee-Lessor:

The Connecticut Bank and Trust Company,
One Constitution Plaza,
Hartford, Connecticut 06115.

(3) Lessee-Builder-Vendor:

General American Transportation Corporation,
120 South Riverside Plaza,
Chicago, Illinois 60606.

Please file and record the documents referred to in this letter and index them under the names of the Vendor-Assignee, the Trustee-Vendee-Lessor and the Lessee-Builder-Vendor.

The equipment covered by the aforementioned documents appears on Exhibit A attached hereto, and also bears the legend "Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission".

There is also enclosed a check for $100 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document) and the Lease of Railroad Equipment and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is

requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

Susan E. Gorman
As Agent for
General American
Transportation Corporation

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

Encls.

30

12249
RECORDATION NO. Filed 1425

SEP 30 1980 -2 40 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref: 3909-037B]

LEASE OF RAILROAD EQUIPMENT

Dated as of September 15, 1980

Between

GENERAL AMERICAN TRANSPORTATION CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee,

TABLE OF CONTENTS

		Page
SECTION 1.	Net Lease	L-2
SECTION 2.	Delivery and Acceptance of Units	L-2
SECTION 3.	Rentals	L-3
SECTION 4.	Term of Lease	L-5
SECTION 5.	Identification Marks	L-5
SECTION 6.	Taxes	L-6
SECTION 7.	Maintenance; Casualty Occurrences; Insurance; Termination	L-8
SECTION 8.	Reports	L-14
SECTION 9.	Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification	L-15
SECTION 10.	Default	L-18
SECTION 11.	Return of Units upon Default	L-21
SECTION 12.	Assignment; Possession and Use	L-23
SECTION 13.	Renewal Option; Right of First Refusal	L-25
SECTION 14.	Return of Units upon Expiration of Term	L-28
SECTION 15.	Recording	L-29
SECTION 16.	Interest on Overdue Rentals	L-30
SECTION 17.	Indemnity for Federal and Other Income Taxes	L-30
SECTION 18.	Notices	L-39
SECTION 19.	Severability; Effect and Modification of Lease	L-39

		Page
SECTION 20.	Execution	L-40
SECTION 21.	Law Governing	L-40
SECTION 22.	No Guarantee of CSA Indebtedness or Residual Value	L-40
SECTION 23.	Immunities; No Recourse	L-40
SECTION 24.	Definitions	L-41
SCHEDULE A	Schedule of Equipment	L-44
SCHEDULE B	Casualty Values	L-45
SCHEDULE C	Termination Values	L-47

LEASE OF RAILROAD EQUIPMENT dated as of September 15, 1980, between GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (hereinafter called the Lessee), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee (hereinafter called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Westinghouse Credit Corporation (hereinafter called the Owner).

WHEREAS the Lessor is entering into a conditional sale agreement dated as of the date hereof with General American Transportation Corporation, a New York corporation (hereinafter in such capacity called the Builder) (such agreement being hereinafter called the CSA), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Equipment);

WHEREAS the Builder is assigning its interest in the CSA to the Public Employees' Retirement Association of Colorado (hereinafter together with its successors and assigns called the Vendor) pursuant to a participation agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Lessor and the Owner;

WHEREAS the Lessee desires to lease such number of units of the Equipment as are delivered and accepted and settled for under the CSA (hereinafter called 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 (hereinafter called the Lease Assignment) and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the 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 to the Lessee upon the following terms and conditions:

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

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee (and any competent employee thereof designated by the Lessee) its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which

such Unit is delivered to the Lessor under the CSA. 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, and the Lessee shall execute and deliver to the Lessor a certificate of acceptance (hereinafter called 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 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such unit to this Lease. The inspection and acceptance by the Lessee of any Unit shall not in any way release any rights which the Lessee may have against the Builder thereof under any warranty relating to such Unit.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit, one interim and 40 consecutive semiannual payments in arrears. The interim payment is payable on January 5, 1981 (such date being hereinafter called the Basic Rent Commencement Date). The 40 semiannual payments are payable on January 5 and July 5 of each year, commencing on July 5, 1981, to and including January 5, 2001 (each of such 40 consecutive dates being hereinafter called a Rental Payment Date). The interim rental payable on the Basic Rent Commencement Date for each Unit shall be in an amount equal to the product of (a) the number of calendar days elapsed from and including the Closing Date (as defined in the CSA) for such Unit to, but not including, the Basic Rent Commencement Date, times (b) .022923% of the Purchase Price (as defined in the CSA) of such Unit. The 40 semiannual rental payments shall each be in an amount equal to the Semi-Annual Lease Factor (as hereinafter defined) of the Purchase Price of each Unit then subject to this Lease. As used herein, the term "Semi-Annual Lease Factor" means 4.759538% or such percentage as it may be adjusted pursuant hereto. The Lessee acknowledges that the semiannual rentals, Casualty Values and Termination Values have been computed without taking into account the costs and expenses that the Lessor is obligated to pay pursuant to Paragraph 10 of the

Participation Agreement. At such time as the full amount of such costs, expenses and payments are known to the Lessor, the Lessee agrees that semiannual rentals, Casualty Values and Termination Values shall be increased as may be necessary in the reasonable opinion of the Lessor so that the semi-annual rentals, Casualty Values and Termination Values payable by the Lessee hereunder shall be sufficient to maintain each of the Lessor's after tax return on, and rate of recovery of, investment and total cash flows (computed on the same assumptions as utilized by the Lessor in originally evaluating this Lease) at the same level that would have been available to the Lessor before taking such costs, expenses and payments into account. Notwithstanding anything to the contrary set forth herein, the rentals and Casualty Values set forth in Schedule B hereto, and the Termination Values set forth in Schedule C hereto, shall at all times be sufficient to satisfy the obligations of the Lessor under the CSA.

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next preceeding business day without adjustment for interest on such payment for the intervening period. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, Hartford, Connecticut, Pittsburgh, Pennsylvania, or New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor, for the account of the Lessor in care of the Vendor, with instructions to the Vendor first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing; provided that any indemnity payable to the Lessor in its individual capacity or to the Owner pursuant to § 6, 9 or 17 hereof shall be paid by bank wire transfer by the Lessee directly to the party to receive the same.

All amounts earned in respect of the Units (includ-

ing, without limitation, mileage charges) during the term of this Lease shall belong to the Lessee and, if received by the Lessor, shall be turned over to the Lessee, so long as no Event of Default exists hereunder, promptly after the Lessee shall furnish to the Lessor, at the Lessee's sole expense, either a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a violation of 49 U.S.C. Section 41, as amended, or an opinion of counsel to the same effect.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 9, 14 and 17 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights 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 terms, all as provided therein; provided, however, that, so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment under § 12 hereof.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one-half inch in height, the words "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to

and interest in such Unit and the rights of the Lessor under this Lease and 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 and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect.

Without limiting the obligations of the Lessee set forth in the preceding paragraph, the Units may be lettered, "General American Transportation Corporation", "Union Refrigerator Transit Lines", "GATX", "ATLX", "HFPX", "SWTX", "TCX", "MHLX", "GDCX", "GAOX", "LAPX", "GARX", "SRLX", "URTX", "KGNX", "GACX", "IMFX", "GPBX", "GPEX", "GAEX", "UOCX", "ASHX", "PVRX", "TPBX", "GASX", "GUEX", "AROX", "GCRX", "DOWX", "GGPX", "DRGW", or in some other appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered, in case of a sublease of any equipment made pursuant to § 12 hereof, in such manner as may be appropriate for convenience of identification of the subleasehold interest therein; but the Lessee, during the continuance of this Lease, will not allow the name of any person, firm, association or corporation to be placed on any of the Units as a designation which might be interpreted as a claim of ownership thereof by the Lessee or by any person, firm, association or corporation other than the Lessor.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor (in both its individual and fiduciary capacities) and the Owner for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and any fees or compensation received by the Lessor as Trustee for services rendered in connection with the transactions contemplated in this Lease and the Participation Agreement and related documents and other than the amount of any such taxes payable

to the state and locality in which the Owner has its principal place of business and any such taxes which the Owner is entitled to credit against such taxes imposed by such state or locality, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the CSA, all of which impositions the Lessee assumes and agrees to pay before they become delinquent in addition to the payments to be made by it provided for herein. The Lessee will also pay before they become delinquent all impositions which may be imposed upon any Unit or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall not be under any obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of such contest within 15 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Manager-Lease Operations of the Owner shall make a reasonable effort to cause any such imposition to be brought to his attention and, in cases in which such Manager-Lease Operations shall have knowledge of such proposed imposition the Owner shall have given the Lessee written notice of such imposition prior to such payment.

In the event that the Lessor or the Owner shall become obligated to make any payment pursuant to Article 6 of the CSA to the Builder or the Vendor or otherwise pursuant to

any correlative provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor or the Owner as will enable the Lessor or the Owner to fulfill completely its obligations pursuant to said provision.

In the event any reports with regard to impositions are required to be made, the Lessee will, where permitted so to do under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor as shall be reasonably satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

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

To the extent 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 Lessor's own name and on the Lessor's behalf to perform such duties; provided, however, that the Lessee shall indemnify and hold the Lessor (in both its individual and fiduciary capacities) 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 may reasonably require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Insurance; Termination. The Lessee shall, at its own cost and expense,

maintain and service each unit of Equipment and comply with a preventive maintenance schedule consistent with the Builder's preventive maintenance schedules and which will include testing, repair and overhaul of each unit of Equipment so that each unit of Equipment will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations, and (c) desirable to and suitable for immediate purchase or lease and use by a Class I line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or re-lease upon an Event of Default hereunder.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor in addition to the rental payment due and payable on such date an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is" basis. The Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor (after deduction of all selling costs).

The Casualty Value of each Unit as of the 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 the schedule in Table 1 of Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 23.3720% of the Purchase Price of such Unit in the case of the original term of this Lease. In the event that the Lessee exercises its option to extend the term of this Lease as provided in § 13 hereof, during the first extended term the Casualty Value of each Unit shall be as set forth in Table 1 of Schedule B hereto and during any other extended term hereof the Lessee and Lessor hereby agree to establish Casualty Values, at such time, for any such extended term of this Lease. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale (after deduction of all selling costs) to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor.

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

become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

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

The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; and (ii) public liability insurance with respect to third party personal and property damage. The Lessee will continue to carry such insurance against such risks, in such amounts, with such deductibles and/or self-insurance, and on such terms and conditions as are satisfactory to the Lessor and the Vendor, subject to market availability, and, in any event, not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it, but in no event shall such coverage be for amounts or against risks less than the prudent industry standard. The proceeds of any property insurance shall be payable to the Vendor, the Lessor and the Owner and the Lessee, as their 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 the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Lessor, the Owner and the Vendor and (ii) name the Lessor (in both its individual and fiduciary capacities), the Owner and the Vendor as additional named insureds or loss payees, as their respective interests may appear, and, in the event such policies shall contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Lessor, the Owner and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor, the Owner and the Vendor) and shall insure the Lessor, the Owner 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, the Owner and the Vendor). 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 and the Vendor evidence satisfactory to them of the insurance required to be maintained pursuant to this § 7.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Vendor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Lessor and the Vendor for all expenditures made by the Lessor or the Vendor for such insurance, together with interest thereon computed at the maximum rate of interest permitted by law, but no more than the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers from the date of the Vendor's or the Lessor's payment until reimbursed by the Lessee.

If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor and the Vendor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

In the event that the Lessee shall, in its reasonable and good faith judgment, evidenced by a resolution adopted by its Board of Directors, determine that any Unit or Units have become economically obsolete or surplus in the Lessee's business (such Unit or Units hereinafter called the Termination Group), the Lessee shall have the right, at its option and on at least 180 days' prior written notice to the Lessor, to terminate (hereinafter called a Termination) this Lease as to all (but not less than all) of the Units in such Termination Group (provided, however, that such determination by the Lessee must be with respect of all but not less than all Units with the same Builder's Specifications as set

forth in Annex B to the CSA) as of any succeeding rental payment date specified in such notice (the termination date specified in such notice being hereinafter called the Termination Date); provided, however, that (i) no Termination Date shall be earlier than January 5, 1988, (ii) on the Termination Date, no Event of Default or other event which with the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing and (iii) on the Termination Date each Unit in such Termination Group shall be in the same condition as if being redelivered pursuant to § 14 hereof.

If the Lessee shall give notice of its election to terminate under the preceding paragraph, the Lessor may, by written notice to the Lessee given within 30 days after the termination notice is given to the Lessor, elect to retain the Units in the Termination Group for its own account or for sale, in which case on the Termination Date the Lessor shall pay to the Vendor a sum sufficient to pay the Casualty Value (as defined in the CSA) of the Units in the Termination Group in accordance with Article 7 of the CSA; provided, however, that the Lessor may not make such election unless it can demonstrate, to the satisfaction of the Lessee and the Vendor within said 30-day notice period, that it has made firm arrangements with a creditworthy entity to cause the Casualty Value (as defined in the CSA) of the Units in the Termination Group to be paid to the Vendor on the Termination Date.

If the Lessor shall not make the election described in the next preceding paragraph, during the period from the 90th day of the giving of the notice by the Lessee until the 35th business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all Units in the Termination Group then subject to this Lease, and the Lessee shall at least 35 business days prior to the Termination Date certify to the Lessor the amount of each such bid and the name and address of the party submitting such bid (which shall not be the Lessee or a person affiliated with the Lessee or any party from whom the Lessee or any such affiliate (as defined in § 12 hereof) intends thereafter to lease such Units). Unless the Lessee shall have directed that all such bids be rejected because all such bids are in amounts less than Termination Value, then on the 30th business day preceding the Termination Date the Lessor shall agree to sell all the Units in the Termination Group for cash, payable on such Termination Date, to the

bidder which shall have submitted the highest bid prior to the 30th business day preceding the Termination Date. The net sales proceeds realized, after payments to the Vendor as provided below, shall be retained by the Lessor. On the Termination Date (a) the Lessee shall pay to the Lessor the excess, if any, of the Termination Value (as hereinafter defined) for such Units over the net sales proceeds of such Units, after the deduction of all expenses incurred in connection with such sale, and (b) the Lessor shall pay to the Vendor the Casualty Value (as defined in the CSA) of the Units in the Termination Group in accordance with Article 7 of the CSA. If the Lessee shall have directed that all bids be rejected or no sale shall occur pursuant to this paragraph, this Lease shall continue in full force and effect without change.

The Termination Value of each Unit in the Termination Group as of the Termination Date shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule C hereto opposite such date, but in no event shall such amount be less than the Casualty Value (as defined in Article 7 of the CSA) as of such date.

Upon the satisfaction of the conditions set forth in the proviso to the tenth paragraph of this § 7, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Unit on each rental payment date following the Termination Date 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 of 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 of the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

§ 8. Reports. On or before April 30 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor, the Owner and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing

repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (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 hereof and by the CSA have been preserved or replaced. The Lessor and the Vendor or its designee, at its sole cost and expense, shall have the right by its agents, but not the obligation, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR 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 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 Items 3 and 4 of Annex A 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 based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative 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, prior to the expiration of this Lease or any renewal hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense, and title to any additions or improvements so made shall thereupon vest in the Lessor; provided, however, that the Lessee may at its own expense upon written notice thereof to the Lessor and the Vendor, 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. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, and shall be removed by the Lessee, at its expense, upon or prior to return of any Unit to the Lessor pursuant to § 11 or § 14 hereof, unless the Lessor otherwise agrees. The Lessor agrees that it will include in its gross income an amount equal to the fair market value of any improvement or addition to a Unit made by the Lessee which is not readily removable from such Unit without causing material damage to such Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary

capacities), the Owner and the Vendor from and against all losses, damages, injuries, liabilities (including, without limitation, strict liability in tort), claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of (i) the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Participation Agreement, the CSA or this Lease, (ii) the ownership of any Unit, (iii) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, leasing, manufacturing, storage or return of any Unit, (iv) any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease, or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the CSA. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

The indemnities contained in this § 9 shall not extend to any loss, damage, injury, liability, claim, demand, cost, charge, or expense (a) incurred by any indemnified party which is caused by the wilful misconduct of such indemnified party, (b) incurred by the Lessor which is caused by the gross negligence of such indemnified party, (c) incurred by the Vendor which is caused by the gross negligence of such indemnified party, (d) incurred by any indemnified party resulting from acts or events with respect to any Unit which commence after such Unit has been returned to the Lessor in accordance with § 14 hereof, (e) incurred by any indemnified party which results from any lien, charge, security interest or other encumbrance which the Lessee is not required by § 12 hereof to pay or discharge, or (f) incurred by any indemnified party which is otherwise expressly stated in § 6 or § 17 or in any of the other documents related to the transactions contemplated hereby to be borne by such indemnified party.

The Lessee will 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) any and all reports (other than tax returns except as required by the provisions of § 6 hereof) to be filed by the Lessor with any Federal, state or other regu-

latory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, 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 13 hereof, and such default shall continue for five business days;

(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

(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 contained herein or in the Participation Agreement or in the Consent, and such default shall continue for 25 days;

(D) any representation or warranty made by the Lessee herein or in the Participation Agreement or in any certificate or statement furnished to the Owner pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof; or

(E) any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Participation Agreement and the Consent shall not have been and shall not continue to have been duly

assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced;

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 where any of the Units may be and take possession of all or any of such Units 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 Lessee, subject to all mandatory requirements of due process of law and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of a bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire

unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit. It is understood, however, that if the Lessor shall terminate this Lease pursuant to clause (b) of this § 10, the unpaid amounts due hereunder after such termination for which the Lessee shall remain liable pursuant to the next preceding sentence shall not be deemed to include any rentals described in the first paragraph of § 3 hereof other than those described in clause (b) of this § 10.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at

law or in equity. The Lessee hereby waives 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 hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the 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.

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

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and meet the standards then in effect of the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units

have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor may reasonably designate;

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

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

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the higher of the amount, if any, by which .029087% 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 or the Fair Market Rental.

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

whomsoever shall be in possession of such Unit at the time.

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

So long as no Event of Default or event of default exists hereunder or under the CSA and the Lessee shall have fully complied with the provisions of this § 12, the Lessee and any of its Affiliates (as hereinafter defined) shall be entitled to the possession and use of the Units. The Lessee shall also be entitled as long as it shall not then be in default under this Lease, to sublease the Units to, or to permit their use under the terms of car contracts by, (i) a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof), upon lines of railroad owned or operated by such railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof), or over which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States or (ii) to responsible companies other than railroad companies for use in their business, in either case only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases or permits the use of any Unit in Canada or Mexico the Lessee shall, except as otherwise provided in § 15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Lessor and the Vendor in the Units to be so subleased or used and (b) furnished the Lessor and the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lessor and the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and the Vendor in such Units; provided, further, that no Unit shall be used 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 thereof, nor shall the Lessee sublease any Unit to, or permit its use by, any person in whose hands such Unit would not qualify as "section 38" property within the meaning of such Code.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units subject to such sublease and the use thereof and may, subject to § 5 hereof, mark the Units subject to such sublease for convenience of identification of the leasehold of such sublessee therein; provided, however, that every such sublease shall expressly subject the rights of the sublessee under such sublease to the rights and remedies of the Vendor under the CSA and the Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder; provided, further, that every sublease shall provide that upon notice from the Vendor to any sublessor that an Event of Default (or other event which, with the lapse of time and/or demand could constitute an Event of Default) shall have occurred and be continuing under this Lease, such sublessee shall pay all rental payments under such sublease thereafter falling due to the Vendor. No such sublease shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Except as otherwise provided in this § 12, the Lessee will not assign or transfer its leasehold interest hereunder, or transfer or sublet any of the Units without the prior written consent of the Lessor and the Vendor. The Lessee shall not, without the prior written consent of the Lessor and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 12. The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease or car contract as aforesaid and other than an encumbrance resulting from claims against the Lessor, the Owner or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Owner, the Vendor or the Lessee therein.

Nothing in this § 12 shall be deemed to restrict

the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent corporation (which shall have expressly assumed the obligations of the Lessee hereunder, under the Consent and under the Participation Agreement by an appropriate instrument in writing) incorporated under the laws of any state of the United States of America or the District of Columbia 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.

For the purpose of this § 12, "Affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, the Lessee. For the purposes of this definition, "control (including controlled by and under common control with)", as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

§ 13. Renewal Option; Right of First Refusal. 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 prior to the end of the original term of this Lease, elect to extend such original term of this Lease (provided, however, that such determination by the Lessee must be with respect to all (but not less than all) of the Units with the same Builder's Specifications as set forth in Annex B to the CSA) for a period of two years (the "first extended term") commencing on the scheduled expiration of such original term of this Lease, at a semiannual rate of 2.379769% 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 four 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 four 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 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 a renewal, the Casualty Value payable in respect of a Casualty Occurrence involving any Unit shall be during the first extended term as set forth in Table 1 of Schedule B and during any other extended term as 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 this § 13.

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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 40 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended

term within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The 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 borne equally by the Lessee and the Lessor.

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

that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase.

§ 14. Return of Units upon Expiration of Term. As soon as practicable but not longer than 60 days after a Termination or the expiration of the original or any extended term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of each Unit to the Lessor upon such storage tracks of the Lessee as the Lessee may designate and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to the nearest railroad interconnection, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will, at its own cost and expense, insure, maintain and keep each Unit in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of 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, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards in effect upon the expiration of this Lease under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned after the expiration or a Termination of this Lease with respect to a Unit 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 45 days after a Termination, the Lessee shall, in addition pay to the Lessor for each day thereafter an amount equal to the higher of the amount, if any, by which .029087% 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 or the Fair Market Rental.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the CSA and any assignment hereof or thereof to be filed with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, 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 and the assignment thereof to the Vendor; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) such action is unduly burdensome, (2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Lessor to and the security interest of the Vendor in Units having a Fair Value (as hereinafter defined) of not less than 90% of the aggregate Fair Value of all the Units then subject to this Lease, and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in § 5 hereof.

For the purpose of this § 15, the Fair Value of any Unit shall be deemed to be the greater of (a) the actual fair market value thereof and (b) the Cost thereof (as defined in Article 4 of the CSA) less 1/20th of such Cost for each full period of one year elapsed between the date such Unit was first placed in service and the date as of which Fair Value is to be determined.

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 and the CSA 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.

§ 16. 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 the rate of the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, determined on an actual elapsed day, 365-day year, basis, on 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.

§ 17. Indemnity for Federal and Other Income Taxes. (a) In entering into this Lease it is the intention of the Owner and the Lessee that this Lease will be recognized as a true lease for Federal, state and local income tax purposes. The Lessee hereby represents that, for the purposes of Federal, state and local income tax, the Owner will be entitled to deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended (the "Code"), the Treasury Regulations thereunder, and state and local taxing statutes to an owner of property (hereinafter called the "Tax Benefits"), including, without limitation:

(i) the maximum deductions for depreciation of the Units under section 167 of the Code (the "ADR Deductions") computed on the basis (A) that the Units will have a depreciable basis under section 167(g) of the Code at least equivalent to the Purchase Price of the Units, (B) of the double-declining balance method of depreciation authorized by section 167(b)(2) of the Code, switching to the sum of the years-digits method of depreciation authorized by section 167(b)(3) of the Code without the consent of the Commissioner of Internal Revenue when most beneficial to the Owner, (C) of the asset depreciation range system of Treasury Regulation Section 1.167(a)-11, (D) of an asset depreciation period of 12 years prescribed in the Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code, (E)

of a salvage value of zero after giving effect to the reduction allowed by 167(f)(1) of the Code and (F) utilizing the half-year convention as provided in Reg. Sec. 1.167(a)-11;

(ii) deductions with respect to interest and premium payable on the CSA Indebtedness (as defined in the CSA) (the "Interest Deductions") for any period during which the CSA Indebtedness is held by any person other than the Lessor; and

(iii) the credit allowed by section 38 and related sections of the Code for "new section 38 property" (the "Investment Tax Credit") equal to 10% of the Purchase Price of Units.

The Lessee represents and warrants that (i) at the time the Lessee accepts the Units under the CSA, the Units will constitute "new section 38 property" within the meaning of Sections 46 and 48 of the Code, and at the time the Lessee accepts the Units under the CSA, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Owner; (ii) the Lessee will not at any time during the term of this Lease use or fail to use any Unit in such a way as to disqualify it as "section 38 property" within the meaning of Section 48(a) of the Code.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by the Owner over the amount specified to be payable under this Lease on the dates due thereunder, except as specifically provided in this Lease, and that the Lessee will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Owner within 30 days after receipt of a written demand therefor such records as will enable the Owner to determine the extent to which it is entitled to the benefit of the ADR Deduction and the Interest Deduction and the Investment Tax Credit with respect to the Units. The Lessee agrees to cooperate with

the Owner in the event that the Owner seeks to obtain a tax ruling from the Internal Revenue Service concerning this transaction.

The Lessee represents and warrants that (i) the expected useful life of the Units is at least 31.25 years and (ii) it expects that at the end of the original and first extended term of this Lease, the Units will have a fair market value of at least 20% of the Purchase Price thereof without including in such value any increase or decrease for inflation or deflation during the term of this Lease and after subtracting from such value any cost to the Owner for removal and delivery of possession of the Units to the Owner at the end of the primary term of this Lease. Without limiting the obligations of the Owner provided in the Participation Agreement, the Lessee agrees that not later than the First Closing Date it will deliver, or cause to be delivered, to the Lessor a certificate, addressed to the Lessor and to the Owner, of an independent appraiser satisfactory in form and substance to the Owner.

If by reason of the inaccuracy in law or in fact of any of the representations and warranties, or by reason of the inaccuracy of the useful life and fair market value expectations, set forth in this § 17(a), or any amendment enacted or adopted up through and including January 1, 1981, to the tax laws or any regulations thereunder, or the breach by the Lessee of any of its agreements hereunder or any act or omission of the Lessee (regardless of whether any such act or omission is permitted by the terms of this Lease or required by the terms of § 9 hereof) the Owner shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture all or any portion of the Tax Benefits with respect to all or any part of any Unit (any such loss, disallowance, recapture or treatment being hereinafter called a "Loss"), then in any such case the Lessee shall pay to the Owner on each of the dates provided in this Lease thereafter for payment of the installments of rental thereunder commencing with the first such date following the date on which the liability of the Lessee hereunder shall become fixed as hereinafter provided, such sums which (after deduction of all taxes required to be paid by the Owner on the payment of such sums under the laws of the United States or any political subdivision thereof or any foreign taxing authority, in each case calculated on the assumption that such tax is payable at the highest then applicable

marginal tax rate), when taken together with the portion of the rental installments due on such dates under the Lease which are to be distributed to the Owner, will, in the reasonable opinion of the Owner, maintain the Owner's after-tax return on and rate of recovery of investment and the total cash flows (computed on the same assumptions as utilized by the Owner in originally evaluating this transaction) in respect of such Unit hereunder and under the Participation Agreement at the same level that would have been available if such Loss had not occurred, and the Lessee shall forthwith pay to the Owner an amount which (after the deduction of any additional taxes required to be paid in respect of the receipt of such amount calculated on the assumption that such taxes are payable at the highest then applicable marginal tax rate) shall be equal to the amount of any interest or penalty which may be imposed in connection with such Loss. In the event that this Lease is terminated with respect to any Unit prior to the time the Lessee is obligated to make payments to the Owner as set forth in the preceding sentence (either because no such payment obligation had become fixed under such sentence prior to such termination or because the due date of such payment or payments shall occur following such termination), then the Lessee shall pay to the Owner, in lieu of such payment or payments, on or before 30 days after the liability of the Lessee in respect of such termination and hereunder shall become fixed as hereinafter provided, such lump sum (calculated in the same manner as set forth in the preceding sentence) as shall be necessary in the reasonable opinion of the Owner to maintain the Owner's after-tax return on and rate of recovery of investment and the total cash flows (computed on the same assumptions as utilized by the Owner in originally evaluating this transaction) in respect of such Unit hereunder and under the Participation Agreement at the same level that would have been available if such Loss had not occurred.

Anything in the preceding paragraph to the contrary notwithstanding, the Lessee shall not be required to make any payment to the Owner provided for therein if the Owner shall have suffered any Loss with respect to all or part of any Unit as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Agent the amounts stipulated under § 7 hereof;

(ii) a voluntary transfer or other voluntary disposition by the Owner of any of its interest in such Unit or the voluntary reduction by the Owner of its interest in the rentals from such Unit hereunder (other than pursuant to the assignment of this Lease to the Agent), unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the failure of the Owner to claim in a timely manner the Investment Tax Credit, the ADR Deduction or the Interest Deduction (unless the Owner shall have received an opinion of its tax counsel to the effect that it is not entitled to make such claim); or

(iv) the failure of the Owner to have sufficient liability for tax against which to credit the Investment Tax Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction, as applicable.

In the event a claim shall be made against the Owner which, if successful, would result in payments by the Lessee hereunder and if, in the opinion of independent tax counsel selected by the Lessee who is acceptable to such Owner (herein referred to as Counsel), a bona fide defense to such claim exists, the Owner shall, upon request and at the expense of the Lessee, contest such matter in such forum as the Owner, in its sole judgment, shall select, taking into consideration the Lessee's request of forum. The Owner shall not be obligated to take any such legal or other appropriate action unless it has received an opinion from Counsel that there is a reasonable basis for contesting such matter and the Lessee shall first have indemnified the Owner for all liabilities and expenses which may be entailed therein and shall have furnished the Owner with such reasonable security therefor as may be requested. At the Owner's option, the action to be taken can be commenced prior to making payment of any tax and interest and/or penalty attributable to such claim (a "Tax Payment") or after making such Tax Payment and then sue for a refund. If the Owner takes such action prior to making such Tax Payment, such sums payable hereunder need not be paid by the Lessee while such action is pending; provided that the Lessee shall pay the liabilities and expenses relating to such action when and as the same shall become due. In such case, if the Final Determination shall be adverse to the Owner, the sums payable hereunder shall be computed by the Owner as of the date of such Final Determination, the Owner shall notify the Lessee of such computation

and the Lessee shall commence payment thereof on the rental payment date hereunder next succeeding such Final Determination and, on or before such rental payment date, the Lessee shall pay to the Owner as an additional payment hereunder an amount which (after deduction of all taxes required to be paid by the Owner on the payment of such sums under the laws of the United States or any political subdivision thereof or any foreign taxing authority, in each case calculated on the assumption that such tax is payable at the highest then applicable marginal tax rate) shall be equal to all interest and penalty paid by the Owner in respect of such Final Determination, together with interest thereon from the date such payment is made by the Owner to the date the Lessee reimburses the Owner thereof at the rate of the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, determined on an actual elapsed day, 365-day year, basis. If the Owner makes such Tax Payment prior to contesting the matter, and then sues for a refund, the sums payable hereunder shall commence to be payable by the Lessee on the first rental payment date hereunder after the Owner notifies the Lessee that such Tax Payment has been made and, on or before such rental payment date, the Lessee shall pay to the Owner as an additional payment hereunder an amount which (after deduction of all taxes required to be paid by the Owner on the payment of such sums under the laws of the United States or any political subdivision thereof or any foreign taxing authority in each case calculated on the assumption that such tax is payable at the highest then applicable marginal tax rate), shall be equal to all interest and penalty paid by the Owner included in such Tax Payment and together with interest at a rate of the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, from the date of the Owner's Payment until the date of Lessee's payment. If the Owner sues for a refund after making such Tax Payment, and if the Final Determination shall be in favor of the Owner, no future payments shall be due hereunder in respect of such matter (or an appropriate reduction shall be made if the Final Determination is partly in favor of and partly adverse to the Owner). In addition, the Lessee and the Owner shall adjust their accounts so that (a) the Owner pays to the Lessee (x) an amount equal to the sums theretofore paid by the Lessee to the Owner in respect of the Tax Payment (or a proportionate part thereof if the Final Determination is partly adverse to the Owner) on or before such next succeeding rental payment date together with interest on the amount of such sums refunded by the United

States at the interest rate currently paid on tax overpayments by the United States for the period such sums were paid to the Owner by the Government to the date the Owner pays to the Lessee an amount equal to such sums, and (y) the amount of any penalty or interest refunded to the Owner as a result of such Final Determination and any interest paid to the Owner by the Government on such refund, promptly upon receipt thereof and (b) the Lessee pays to the Owner an amount equal to interest at the rate of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, determined on an actual elapsed day, 365-day year basis, on the amount of the tax refund made in respect of the Tax Payment (excluding any interest or penalty included therein) for the period from the date of the original payment of the Tax Payment by the Owner to the date such tax refund is received by the Owner. If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall reasonably have requested the Owner to contest such claim as above provided and shall have duly complied with all of the terms of this § 17(a), the Owner may elect not to contest any such claim despite the request of the Lessee, made in accordance with the terms of this paragraph, or to discontinue any proceedings previously commenced as a consequence of such request, and thereupon the Lessee shall be relieved of all liability to indemnify the Owner with respect to the Tax Benefits involved in respect of such claim.

"Final Determination" for the purpose of the preceding paragraph, means a final decision of a court of competent jurisdiction after all allowable appeals (other than an appeal or petition for certiorari to the Supreme Court of the United States unless the Owner elects to file such appeal or petition) have been exhausted by either party to the action; provided that no appeal beyond the court of original jurisdiction need be taken unless the Owner has received an opinion of counsel that there is a reasonable basis for taking such an appeal and the Lessee shall first have indemnified the Owner for all liabilities and expenses which may be entailed therein and shall have furnished the Owner with such reasonable security therefor as may be requested. Neither concession by the Owner of any of the aforementioned claims in the overall settlement of a controversy with the Internal Revenue Service either at the administrative level or at the court level nor the failure to recover a refund in whole or in part with respect to such claims which failure is the result of a setoff against a

claim for refund based upon such claims where the matters set off do not relate to such claims will constitute an adverse "final determination" causing the aforementioned additional payments to accrue to such Owner, unless such overall settlement or setoff of a tax controversy with the Internal Revenue Service is approved by the Lessee in a separate agreement with the Owner and the Lessee. If the Lessee does not request the Owner to contest a claim, then the Lessee's liability hereunder shall become fixed when the Lessee receives notice of a Loss from the Owner.

In the event payments shall be due the Lessor under this § 17, the Casualty Values and the Termination Values set forth in § 7 hereof shall be adjusted accordingly; provided, however, that no adjustment of such Casualty Values or Termination Values shall be made that will result in reducing either such Value below the amount of the outstanding CSA Indebtedness, in which case payments otherwise due under this § 17 shall be adjusted accordingly.

In addition to the foregoing, if by reason of any act or commission or omission (including any act required by the terms hereof), misrepresentation, breach of any agreement, covenant or warranty contained herein or in the Participation Agreement, on the part of the Lessee or any sublessee of the Lessee or of any sublessee, or if by reason of any act or omission of the Owner or its agents following the occurrence and continuation of an Event of Default under the Lease which constitutes a proper exercise of a remedy therefor under this Lease, any payments by the Lessee under this Lease shall be characterized for Federal income tax purposes of the Owner as gross income from sources without the United States and any part of the ADR Deductions and/or the Interest Deduction of the Owner is required to be allocated to such gross income with the result that there is in any taxable period of the Owner negative taxable income from sources without the United States attributable to the Units ("Foreign Source Losses") and if such Foreign Source Losses result in a reduction of the foreign tax credits which would otherwise be available to the Owner in such taxable period in the absence of such Foreign Source Losses, the Lessee shall pay to the Owner an amount which, after deduction of the net amount of all taxes which would be required to be paid by the Owner in respect of the receipt of such amount under the laws of any Federal, state or local government or taxing authority in the United States or in any foreign country which has jurisdiction to tax the Owner,

shall be equal to the deficiency in tax resulting from a reduction in the Owner's foreign tax credits and the amount of any interest or penalties payable with respect thereto. In determining the extent to which the Owner receives credit for any foreign tax against its Federal income tax liability, it shall be assumed that credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any foreign taxes indemnified hereunder which are claimed as credits for such year.

(b) In the event and to the extent that the cost of any replacement, improvement and/or addition to any Unit or any expenditure by the Lessee in respect of any Unit or this Lease (hereinafter called Additional Expenditures) made by the Lessee, under and pursuant to the terms of this Lease or otherwise, is required to be included in the gross income of the Owner for Federal, state or local income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the Lessee hereby agrees that it will pay to the Owner on each of the dates provided in this Lease for payment of the installments of rental thereunder in respect of such Unit commencing with the first such date following the date on which such inclusion is required, such sums (on account of taxes and related interest and penalties) which (after deduction of all taxes required to be paid by the Owner with respect to the receipt thereof under the laws of the United States or any political subdivision thereof at the highest marginal corporate rates), when taken together with the rental installments due on such dates hereunder in respect of such Unit, will, in the reasonable opinion of the Owner, maintain each of the Owner's after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions as utilized by the Owner in originally evaluating this transaction) in respect of such Unit hereunder and under the Participation Agreement at the same level that would have been available if the cost or value of such Additional Expenditures had not been treated as income to the Owner.

(c) For purposes of this § 17, the term "Owner" shall include any affiliated group of which the Owner is a member if consolidated, joint, or combined returns are filed for such affiliated group for Federal, state or local income tax purposes. For the purposes of this § 17, the term "penalty" or "penalties" shall mean only a penalty or penal-

ties no part of which would have been imposed but for this Lease.

(d) All payments provided to be made to the Owner by the Lessee pursuant to this § 17 shall be made by wire transfer of immediately available funds to such bank in the continental United States for the account of the Owner as the Owner from time to time shall have directed the Lessee in writing.

(e) All the rights and privileges of the Owner arising from the indemnities contained in this § 17 shall survive the expiration or other termination of this Lease and such indemnities are expressly made for the benefit of and shall be enforceable by the Owner, its successors and assigns.

§ 18. 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 Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, Attention of Vice President, Administration, with a copy to GATX Leasing Corporation at such address as it shall have furnished for such purpose;

(b) if to the Lessee, at 120 South Riverside Plaza, Chicago, Illinois 60606, Attention of Law Department;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor at its address set forth in Schedule A to the Participation Agreement, and to the Owner at Three Gateway Center, Pittsburgh, Pennsylvania 15222, Attention of Manager-Lease Operations.

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

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights and obligations 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.

The Lessee shall be liable for all reasonable attorneys' fees and other costs and expenses incurred in connection with any amendments, supplements and waivers with respect to this Lease.

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

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

§ 22. No Guarantee of CSA Indebtedness or Residual Value. Nothing in this Agreement is intended or shall be construed to constitute a guarantee by the Lessee of the CSA Indebtedness of the Vendee under the CSA or a guarantee of the residual value of any Unit.

§ 23. 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.

Each and all of the warranties, representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal warranties, representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate, as such term is used in the Trust Agreement, and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for its wilful misconduct or gross negligence, or against the Owner on account of any warranty, representation, undertaking or agreement herein of the Lessor or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under it, making claims hereunder may look to the Trust Estate for satisfaction of the same.

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

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

first above written.

GENERAL AMERICAN TRANSPORTATION CORPORATION,

[Corporate Seal]

Attest:

by

Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee as aforesaid,

[Corporate Seal]

Attest:

by

Authorized Officer

Authorized Officer

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

On this 30 day of September 1980 before me personally appeared Robert F. Dean, to me personally known, who, being by me duly sworn, says that he is the Vice President of GENERAL AMERICAN TRANSPORTATION 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 October 5 1981

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of September 1980 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK 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

Lease of Railroad Equipment

SCHEDULE A

Type	Quantity	Lessee's Road Numbers (Both Inclusive)
100 Ton Tankcars	183	GATX 300690 to 300831 GATX 300834 to 300837 GATX 300843 to 300879

Lease of Railroad Equipment

SCHEDULE B

Casualty Value Percentage Schedule

Table 1

Rental Payment Date	Percentage
5 Jan. 81 (Interim Date)	83.6260
5 Jul. 81	84.5867
5 Jan. 82	85.5474
5 Jul. 82	86.2565
5 Jan. 83	87.1525
5 Jul. 83	87.8216
5 Jan. 84	88.2945
5 Jul. 84	88.5525
5 Jan. 85	88.6026
5 Jul. 85	88.4456
5 Jan. 86	88.0951
5 Jul. 86	87.5466
5 Jan. 87	86.8209
5 Jul. 87	85.9079
5 Jan. 88	84.8357
5 Jul. 88	83.5887
5 Jan. 89	82.2027
5 Jul. 89	80.6562
5 Jan. 90	79.0003
5 Jul. 90	77.2240
5 Jan. 91	75.3313
5 Jul. 91	73.3205
5 Jan. 92	71.2394
5 Jul. 92	69.0564
5 Jan. 93	66.8437
5 Jul. 93	64.5548
5 Jan. 94	62.2726
5 Jul. 94	59.9344
5 Jan. 95	57.6070
5 Jul. 95	55.2124
5 Jan. 96	52.7647
5 Jul. 96	50.2163

Rental Payment Date	Percentage
5 Jan. 97	47.6034
5 Jul. 97	44.8862
5 Jan. 98	42.0976
5 Jul. 98	39.2005
5 Jan. 99	36.2304
5 Jul. 99	33.1477
5 Jan. 00	29.9911
5 Jul. 00	26.7185
5 Jan. 01	23.3720
5 Jul. 01	22.2862
5 Jan. 02	21.2878
5 Jul. 02	20.2672
5 Jan. 03	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B have been computed without regard to recapture of the Investment Tax Credit (as defined in Section 17 relating to certain tax indemnities) as applicable. If a Unit shall suffer a Casualty Occurrence on or before the third, fifth and seventh anniversary of the date of delivery and acceptance of such Unit and the Owner shall be required to recapture all or a portion of the Investment Tax Credit by virtue of such Casualty Occurrence, the amount determined from Schedule I shall be increased by the applicable percentage of the Purchase Price set forth below:

Anniversary of Delivery and Acceptance	Percentage of Purchase Price
Third	19.4231
Fifth	12.9487
Seventh	6.4744

Lease of Railroad Equipment

SCHEDULE C

Termination Value Percentage Schedule

Termination Date	Percentage
5 Jan. 91	77.9379
5 Jul. 91	75.7056
5 Jan. 92	72.8395
5 Jul. 92	70.4279
5 Jan. 93	67.4613
5 Jul. 93	64.9401
5 Jan. 94	61.9388
5 Jul. 94	59.3659
5 Jan. 95	56.3559
5 Jul. 95	53.7220
5 Jan. 96	50.6256
5 Jul. 96	47.8300
5 Jan. 97	44.6032
5 Jul. 97	41.6300
5 Jan. 98	38.2646
5 Jul. 98	35.1013
5 Jan. 99	31.8466
5 Jul. 99	28.4596
5 Jan. 00	24.9775
5 Jul. 00	21.3568
5 Jan. 01	17.6380

[CS&M Ref: 3909-037B]

LEASE OF RAILROAD EQUIPMENT

Dated as of September 15, 1980

Between

GENERAL AMERICAN TRANSPORTATION CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee,

TABLE OF CONTENTS

		Page
SECTION 1.	Net Lease	L-2
SECTION 2.	Delivery and Acceptance of Units	L-2
SECTION 3.	Rentals	L-3
SECTION 4.	Term of Lease	L-5
SECTION 5.	Identification Marks	L-5
SECTION 6.	Taxes	L-6
SECTION 7.	Maintenance; Casualty Occurrences; Insurance; Termination	L-8
SECTION 8.	Reports	L-14
SECTION 9.	Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification	L-15
SECTION 10.	Default	L-18
SECTION 11.	Return of Units upon Default	L-21
SECTION 12.	Assignment; Possession and Use	L-23
SECTION 13.	Renewal Option; Right of First Refusal	L-25
SECTION 14.	Return of Units upon Expiration of Term	L-28
SECTION 15.	Recording	L-29
SECTION 16.	Interest on Overdue Rentals	L-30
SECTION 17.	Indemnity for Federal and Other Income Taxes	L-30
SECTION 18.	Notices	L-39
SECTION 19.	Severability; Effect and Modification of Lease	L-39

		Page
SECTION 20.	Execution	L-40
SECTION 21.	Law Governing	L-40
SECTION 22.	No Guarantee of CSA Indebtedness or Residual Value	L-40
SECTION 23.	Immunities; No Recourse	L-40
SECTION 24.	Definitions	L-41
SCHEDULE A	Schedule of Equipment	L-44
SCHEDULE B	Casualty Values	L-45
SCHEDULE C	Termination Values	L-47

LEASE OF RAILROAD EQUIPMENT dated as of September 15, 1980, between GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (hereinafter called the Lessee), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee (hereinafter called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Westinghouse Credit Corporation (hereinafter called the Owner).

WHEREAS the Lessor is entering into a conditional sale agreement dated as of the date hereof with General American Transportation Corporation, a New York corporation (hereinafter in such capacity called the Builder) (such agreement being hereinafter called the CSA), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Equipment);

WHEREAS the Builder is assigning its interest in the CSA to the Public Employees' Retirement Association of Colorado (hereinafter together with its successors and assigns called the Vendor) pursuant to a participation agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Lessor and the Owner;

WHEREAS the Lessee desires to lease such number of units of the Equipment as are delivered and accepted and settled for under the CSA (hereinafter called 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 (hereinafter called the Lease Assignment) and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the 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 to the Lessee upon the following terms and conditions:

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

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee (and any competent employee thereof designated by the Lessee) its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which

such Unit is delivered to the Lessor under the CSA. 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, and the Lessee shall execute and deliver to the Lessor a certificate of acceptance (hereinafter called 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 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such unit to this Lease. The inspection and acceptance by the Lessee of any Unit shall not in any way release any rights which the Lessee may have against the Builder thereof under any warranty relating to such Unit.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit, one interim and 40 consecutive semiannual payments in arrears. The interim payment is payable on January 5, 1981 (such date being hereinafter called the Basic Rent Commencement Date). The 40 semiannual payments are payable on January 5 and July 5 of each year, commencing on July 5, 1981, to and including January 5, 2001 (each of such 40 consecutive dates being hereinafter called a Rental Payment Date). The interim rental payable on the Basic Rent Commencement Date for each Unit shall be in an amount equal to the product of (a) the number of calendar days elapsed from and including the Closing Date (as defined in the CSA) for such Unit to, but not including, the Basic Rent Commencement Date, times (b) .022923% of the Purchase Price (as defined in the CSA) of such Unit. The 40 semiannual rental payments shall each be in an amount equal to the Semi-Annual Lease Factor (as hereinafter defined) of the Purchase Price of each Unit then subject to this Lease. As used herein, the term "Semi-Annual Lease Factor" means 4.759538% or such percentage as it may be adjusted pursuant hereto. The Lessee acknowledges that the semiannual rentals, Casualty Values and Termination Values have been computed without taking into account the costs and expenses that the Lessor is obligated to pay pursuant to Paragraph 10 of the

Participation Agreement. At such time as the full amount of such costs, expenses and payments are known to the Lessor, the Lessee agrees that semiannual rentals, Casualty Values and Termination Values shall be increased as may be necessary in the reasonable opinion of the Lessor so that the semiannual rentals, Casualty Values and Termination Values payable by the Lessee hereunder shall be sufficient to maintain each of the Lessor's after tax return on, and rate of recovery of, investment and total cash flows (computed on the same assumptions as utilized by the Lessor in originally evaluating this Lease) at the same level that would have been available to the Lessor before taking such costs, expenses and payments into account. Notwithstanding anything to the contrary set forth herein, the rentals and Casualty Values set forth in Schedule B hereto, and the Termination Values set forth in Schedule C hereto, shall at all times be sufficient to satisfy the obligations of the Lessor under the CSA.

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next preceeding business day without adjustment for interest on such payment for the intervening period. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, Hartford, Connecticut, Pittsburgh, Pennsylvania, or New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor, for the account of the Lessor in care of the Vendor, with instructions to the Vendor first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing; provided that any indemnity payable to the Lessor in its individual capacity or to the Owner pursuant to § 6, 9 or 17 hereof shall be paid by bank wire transfer by the Lessee directly to the party to receive the same.

All amounts earned in respect of the Units (includ-

ing, without limitation, mileage charges) during the term of this Lease shall belong to the Lessee and, if received by the Lessor, shall be turned over to the Lessee, so long as no Event of Default exists hereunder, promptly after the Lessee shall furnish to the Lessor, at the Lessee's sole expense, either a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a violation of 49 U.S.C. Section 41, as amended, or an opinion of counsel to the same effect.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 9, 14 and 17 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights 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 terms, all as provided therein; provided, however, that, so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment under § 12 hereof.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one-half inch in height, the words "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to

and interest in such Unit and the rights of the Lessor under this Lease and 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 and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect.

Without limiting the obligations of the Lessee set forth in the preceding paragraph, the Units may be lettered, "General American Transportation Corporation", "Union Refrigerator Transit Lines", "GATX", "ATLX", "HFPX", "SWTX", "TCX", "MHLX", "GDCX", "GAOX", "LAPX", "GARX", "SRLX", "URTX", "KGNX", "GACX", "IMFX", "GPBX", "GPEX", "GAEX", "UOCX", "ASHX", "PVRX", "TPBX", "GASX", "GUEX", "AROX", "GCRX", "DOWX", "GGPX", "DRGW", or in some other appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered, in case of a sublease of any equipment made pursuant to § 12 hereof, in such manner as may be appropriate for convenience of identification of the subleasehold interest therein; but the Lessee, during the continuance of this Lease, will not allow the name of any person, firm, association or corporation to be placed on any of the Units as a designation which might be interpreted as a claim of ownership thereof by the Lessee or by any person, firm, association or corporation other than the Lessor.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor (in both its individual and fiduciary capacities) and the Owner for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and any fees or compensation received by the Lessor as Trustee for services rendered in connection with the transactions contemplated in this Lease and the Participation Agreement and related documents and other than the amount of any such taxes payable

to the state and locality in which the Owner has its principal place of business and any such taxes which the Owner is entitled to credit against such taxes imposed by such state or locality, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the CSA, all of which impositions the Lessee assumes and agrees to pay before they become delinquent in addition to the payments to be made by it provided for herein. The Lessee will also pay before they become delinquent all impositions which may be imposed upon any Unit or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall not be under any obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of such contest within 15 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Manager-Lease Operations of the Owner shall make a reasonable effort to cause any such imposition to be brought to his attention and, in cases in which such Manager-Lease Operations shall have knowledge of such proposed imposition the Owner shall have given the Lessee written notice of such imposition prior to such payment.

In the event that the Lessor or the Owner shall become obligated to make any payment pursuant to Article 6 of the CSA to the Builder or the Vendor or otherwise pursuant to

any correlative provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor or the Owner as will enable the Lessor or the Owner to fulfill completely its obligations pursuant to said provision.

In the event any reports with regard to impositions are required to be made, the Lessee will, where permitted so to do under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor as shall be reasonably satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

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

To the extent 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 Lessor's own name and on the Lessor's behalf to perform such duties; provided, however, that the Lessee shall indemnify and hold the Lessor (in both its individual and fiduciary capacities) 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 may reasonably require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Insurance; Termination. The Lessee shall, at its own cost and expense,

maintain and service each unit of Equipment and comply with a preventive maintenance schedule consistent with the Builder's preventive maintenance schedules and which will include testing, repair and overhaul of each unit of Equipment so that each unit of Equipment will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations, and (c) desirable to and suitable for immediate purchase or lease and use by a Class I line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or re-lease upon an Event of Default hereunder.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor in addition to the rental payment due and payable on such date an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is" basis. The Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor (after deduction of all selling costs).

The Casualty Value of each Unit as of the 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 the schedule in Table 1 of Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 23.3720% of the Purchase Price of such Unit in the case of the original term of this Lease. In the event that the Lessee exercises its option to extend the term of this Lease as provided in § 13 hereof, during the first extended term the Casualty Value of each Unit shall be as set forth in Table 1 of Schedule B hereto and during any other extended term hereof the Lessee and Lessor hereby agree to establish Casualty Values, at such time, for any such extended term of this Lease. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale (after deduction of all selling costs) to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor.

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

become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

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

The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; and (ii) public liability insurance with respect to third party personal and property damage. The Lessee will continue to carry such insurance against such risks, in such amounts, with such deductibles and/or self-insurance, and on such terms and conditions as are satisfactory to the Lessor and the Vendor, subject to market availability, and, in any event, not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it, but in no event shall such coverage be for amounts or against risks less than the prudent industry standard. The proceeds of any property insurance shall be payable to the Vendor, the Lessor and the Owner and the Lessee, as their 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 the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Lessor, the Owner and the Vendor and (ii) name the Lessor (in both its individual and fiduciary capacities), the Owner and the Vendor as additional named insureds or loss payees, as their respective interests may appear, and, in the event such policies shall contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Lessor, the Owner and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor, the Owner and the Vendor) and shall insure the Lessor, the Owner 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, the Owner and the Vendor). 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 and the Vendor evidence satisfactory to them of the insurance required to be maintained pursuant to this § 7.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Vendor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Lessor and the Vendor for all expenditures made by the Lessor or the Vendor for such insurance, together with interest thereon computed at the maximum rate of interest permitted by law, but no more than the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers from the date of the Vendor's or the Lessor's payment until reimbursed by the Lessee.

If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor and the Vendor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

In the event that the Lessee shall, in its reasonable and good faith judgment, evidenced by a resolution adopted by its Board of Directors, determine that any Unit or Units have become economically obsolete or surplus in the Lessee's business (such Unit or Units hereinafter called the Termination Group), the Lessee shall have the right, at its option and on at least 180 days' prior written notice to the Lessor, to terminate (hereinafter called a Termination) this Lease as to all (but not less than all) of the Units in such Termination Group (provided, however, that such determination by the Lessee must be with respect of all but not less than all Units with the same Builder's Specifications as set

forth in Annex B to the CSA) as of any succeeding rental payment date specified in such notice (the termination date specified in such notice being hereinafter called the Termination Date); provided, however, that (i) no Termination Date shall be earlier than January 5, 1988, (ii) on the Termination Date, no Event of Default or other event which with the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing and (iii) on the Termination Date each Unit in such Termination Group shall be in the same condition as if being redelivered pursuant to § 14 hereof.

If the Lessee shall give notice of its election to terminate under the preceding paragraph, the Lessor may, by written notice to the Lessee given within 30 days after the termination notice is given to the Lessor, elect to retain the Units in the Termination Group for its own account or for sale, in which case on the Termination Date the Lessor shall pay to the Vendor a sum sufficient to pay the Casualty Value (as defined in the CSA) of the Units in the Termination Group in accordance with Article 7 of the CSA; provided, however, that the Lessor may not make such election unless it can demonstrate, to the satisfaction of the Lessee and the Vendor within said 30-day notice period, that it has made firm arrangements with a creditworthy entity to cause the Casualty Value (as defined in the CSA) of the Units in the Termination Group to be paid to the Vendor on the Termination Date.

If the Lessor shall not make the election described in the next preceding paragraph, during the period from the 90th day of the giving of the notice by the Lessee until the 35th business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all Units in the Termination Group then subject to this Lease, and the Lessee shall at least 35 business days prior to the Termination Date certify to the Lessor the amount of each such bid and the name and address of the party submitting such bid (which shall not be the Lessee or a person affiliated with the Lessee or any party from whom the Lessee or any such affiliate (as defined in § 12 hereof) intends thereafter to lease such Units). Unless the Lessee shall have directed that all such bids be rejected because all such bids are in amounts less than Termination Value, then on the 30th business day preceding the Termination Date the Lessor shall agree to sell all the Units in the Termination Group for cash, payable on such Termination Date, to the

bidder which shall have submitted the highest bid prior to the 30th business day preceding the Termination Date. The net sales proceeds realized, after payments to the Vendor as provided below, shall be retained by the Lessor. On the Termination Date (a) the Lessee shall pay to the Lessor the excess, if any, of the Termination Value (as hereinafter defined) for such Units over the net sales proceeds of such Units, after the deduction of all expenses incurred in connection with such sale, and (b) the Lessor shall pay to the Vendor the Casualty Value (as defined in the CSA) of the Units in the Termination Group in accordance with Article 7 of the CSA. If the Lessee shall have directed that all bids be rejected or no sale shall occur pursuant to this paragraph, this Lease shall continue in full force and effect without change.

The Termination Value of each Unit in the Termination Group as of the Termination Date shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule C hereto opposite such date, but in no event shall such amount be less than the Casualty Value (as defined in Article 7 of the CSA) as of such date.

Upon the satisfaction of the conditions set forth in the proviso to the tenth paragraph of this § 7, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Unit on each rental payment date following the Termination Date 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 of 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 of the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

§ 8. Reports. On or before April 30 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor, the Owner and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing

repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (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 hereof and by the CSA have been preserved or replaced. The Lessor and the Vendor or its designee, at its sole cost and expense, shall have the right by its agents, but not the obligation, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR 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 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 Items 3 and 4 of Annex A 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 based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative 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, prior to the expiration of this Lease or any renewal hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense, and title to any additions or improvements so made shall thereupon vest in the Lessor; provided, however, that the Lessee may at its own expense upon written notice thereof to the Lessor and the Vendor, 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. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, and shall be removed by the Lessee, at its expense, upon or prior to return of any Unit to the Lessor pursuant to § 11 or § 14 hereof, unless the Lessor otherwise agrees. The Lessor agrees that it will include in its gross income an amount equal to the fair market value of any improvement or addition to a Unit made by the Lessee which is not readily removable from such Unit without causing material damage to such Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary

capacities), the Owner and the Vendor from and against all losses, damages, injuries, liabilities (including, without limitation, strict liability in tort), claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of (i) the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Participation Agreement, the CSA or this Lease, (ii) the ownership of any Unit, (iii) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, leasing, manufacturing, storage or return of any Unit, (iv) any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease, or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the CSA. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

The indemnities contained in this § 9 shall not extend to any loss, damage, injury, liability, claim, demand, cost, charge, or expense (a) incurred by any indemnified party which is caused by the wilful misconduct of such indemnified party, (b) incurred by the Lessor which is caused by the gross negligence of such indemnified party, (c) incurred by the Vendor which is caused by the gross negligence of such indemnified party, (d) incurred by any indemnified party resulting from acts or events with respect to any Unit which commence after such Unit has been returned to the Lessor in accordance with § 14 hereof, (e) incurred by any indemnified party which results from any lien, charge, security interest or other encumbrance which the Lessee is not required by § 12 hereof to pay or discharge, or (f) incurred by any indemnified party which is otherwise expressly stated in § 6 or § 17 or in any of the other documents related to the transactions contemplated hereby to be borne by such indemnified party.

The Lessee will 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) any and all reports (other than tax returns except as required by the provisions of § 6 hereof) to be filed by the Lessor with any Federal, state or other regu-

latory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, 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 13 hereof, and such default shall continue for five business days;

(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

(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 contained herein or in the Participation Agreement or in the Consent, and such default shall continue for 25 days;

(D) any representation or warranty made by the Lessee herein or in the Participation Agreement or in any certificate or statement furnished to the Owner pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof; or

(E) any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Participation Agreement and the Consent shall not have been and shall not continue to have been duly

assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced;

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 where any of the Units may be and take possession of all or any of such Units 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 Lessee, subject to all mandatory requirements of due process of law and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of a bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire

unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit. It is understood, however, that if the Lessor shall terminate this Lease pursuant to clause (b) of this § 10, the unpaid amounts due hereunder after such termination for which the Lessee shall remain liable pursuant to the next preceding sentence shall not be deemed to include any rentals described in the first paragraph of § 3 hereof other than those described in clause (b) of this § 10.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at

law or in equity. The Lessee hereby waives 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 hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the 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.

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

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and meet the standards then in effect of the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units

have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor may reasonably designate;

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

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

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the higher of the amount, if any, by which .029087% 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 or the Fair Market Rental.

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

whomsoever shall be in possession of such Unit at the time.

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

So long as no Event of Default or event of default exists hereunder or under the CSA and the Lessee shall have fully complied with the provisions of this § 12, the Lessee and any of its Affiliates (as hereinafter defined) shall be entitled to the possession and use of the Units. The Lessee shall also be entitled as long as it shall not then be in default under this Lease, to sublease the Units to, or to permit their use under the terms of car contracts by, (i) a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof), upon lines of railroad owned or operated by such railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof), or over which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States or (ii) to responsible companies other than railroad companies for use in their business, in either case only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases or permits the use of any Unit in Canada or Mexico the Lessee shall, except as otherwise provided in § 15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Lessor and the Vendor in the Units to be so subleased or used and (b) furnished the Lessor and the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lessor and the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and the Vendor in such Units; provided, further, that no Unit shall be used 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 thereof, nor shall the Lessee sublease any Unit to, or permit its use by, any person in whose hands such Unit would not qualify as "section 38" property within the meaning of such Code.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units subject to such sublease and the use thereof and may, subject to § 5 hereof, mark the Units subject to such sublease for convenience of identification of the leasehold of such sublessee therein; provided, however, that every such sublease shall expressly subject the rights of the sublessee under such sublease to the rights and remedies of the Vendor under the CSA and the Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder; provided, further, that every sublease shall provide that upon notice from the Vendor to any sublessor that an Event of Default (or other event which, with the lapse of time and/or demand could constitute an Event of Default) shall have occurred and be continuing under this Lease, such sublessee shall pay all rental payments under such sublease thereafter falling due to the Vendor. No such sublease shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

Except as otherwise provided in this § 12, the Lessee will not assign or transfer its leasehold interest hereunder, or transfer or sublet any of the Units without the prior written consent of the Lessor and the Vendor. The Lessee shall not, without the prior written consent of the Lessor and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 12. The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease or car contract as aforesaid and other than an encumbrance resulting from claims against the Lessor, the Owner or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Owner, the Vendor or the Lessee therein.

Nothing in this § 12 shall be deemed to restrict

the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent corporation (which shall have expressly assumed the obligations of the Lessee hereunder, under the Consent and under the Participation Agreement by an appropriate instrument in writing) incorporated under the laws of any state of the United States of America or the District of Columbia 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.

For the purpose of this § 12, "Affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, the Lessee. For the purposes of this definition, "control (including controlled by and under common control with)", as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

§ 13. Renewal Option; Right of First Refusal. 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 prior to the end of the original term of this Lease, elect to extend such original term of this Lease (provided, however, that such determination by the Lessee must be with respect to all (but not less than all) of the Units with the same Builder's Specifications as set forth in Annex B to the CSA) for a period of two years (the "first extended term") commencing on the scheduled expiration of such original term of this Lease, at a semiannual rate of 2.379769% 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 four 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 four 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 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 a renewal, the Casualty Value payable in respect of a Casualty Occurrence involving any Unit shall be during the first extended term as set forth in Table 1 of Schedule B and during any other extended term as 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 this § 13.

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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 40 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended

term within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The 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 borne equally by the Lessee and the Lessor.

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

that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase.

§ 14. Return of Units upon Expiration of Term. As soon as practicable but not longer than 60 days after a Termination or the expiration of the original or any extended term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of each Unit to the Lessor upon such storage tracks of the Lessee as the Lessee may designate and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to the nearest railroad interconnection, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will, at its own cost and expense, insure, maintain and keep each Unit in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of 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, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards in effect upon the expiration of this Lease under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned after the expiration or a Termination of this Lease with respect to a Unit 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 45 days after a Termination, the Lessee shall, in addition pay to the Lessor for each day thereafter an amount equal to the higher of the amount, if any, by which .029087% 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 or the Fair Market Rental.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the CSA and any assignment hereof or thereof to be filed with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, 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 and the assignment thereof to the Vendor; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) such action is unduly burdensome, (2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Lessor to and the security interest of the Vendor in Units having a Fair Value (as hereinafter defined) of not less than 90% of the aggregate Fair Value of all the Units then subject to this Lease, and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in § 5 hereof.

For the purpose of this § 15, the Fair Value of any Unit shall be deemed to be the greater of (a) the actual fair market value thereof and (b) the Cost thereof (as defined in Article 4 of the CSA) less 1/20th of such Cost for each full period of one year elapsed between the date such Unit was first placed in service and the date as of which Fair Value is to be determined.

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 and the CSA 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.

§ 16. 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 the rate of the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, determined on an actual elapsed day, 365-day year, basis, on 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.

§ 17. Indemnity for Federal and Other Income Taxes. (a) In entering into this Lease it is the intention of the Owner and the Lessee that this Lease will be recognized as a true lease for Federal, state and local income tax purposes. The Lessee hereby represents that, for the purposes of Federal, state and local income tax, the Owner will be entitled to deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended (the "Code"), the Treasury Regulations thereunder, and state and local taxing statutes to an owner of property (hereinafter called the "Tax Benefits"), including, without limitation:

(i) the maximum deductions for depreciation of the Units under section 167 of the Code (the "ADR Deductions") computed on the basis (A) that the Units will have a depreciable basis under section 167(g) of the Code at least equivalent to the Purchase Price of the Units, (B) of the double-declining balance method of depreciation authorized by section 167(b)(2) of the Code, switching to the sum of the years-digits method of depreciation authorized by section 167(b)(3) of the Code without the consent of the Commissioner of Internal Revenue when most beneficial to the Owner, (C) of the asset depreciation range system of Treasury Regulation Section 1.167(a)-11, (D) of an asset depreciation period of 12 years prescribed in the Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code, (E)

of a salvage value of zero after giving effect to the reduction allowed by 167(f)(1) of the Code and (F) utilizing the half-year convention as provided in Reg. Sec. 1.167(a)-11;

(ii) deductions with respect to interest and premium payable on the CSA Indebtedness (as defined in the CSA) (the "Interest Deductions") for any period during which the CSA Indebtedness is held by any person other than the Lessor; and

(iii) the credit allowed by section 38 and related sections of the Code for "new section 38 property" (the "Investment Tax Credit") equal to 10% of the Purchase Price of Units.

The Lessee represents and warrants that (i) at the time the Lessee accepts the Units under the CSA, the Units will constitute "new section 38 property" within the meaning of Sections 46 and 48 of the Code, and at the time the Lessee accepts the Units under the CSA, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Owner; (ii) the Lessee will not at any time during the term of this Lease use or fail to use any Unit in such a way as to disqualify it as "section 38 property" within the meaning of Section 48(a) of the Code.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by the Owner over the amount specified to be payable under this Lease on the dates due thereunder, except as specifically provided in this Lease, and that the Lessee will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Owner within 30 days after receipt of a written demand therefor such records as will enable the Owner to determine the extent to which it is entitled to the benefit of the ADR Deduction and the Interest Deduction and the Investment Tax Credit with respect to the Units. The Lessee agrees to cooperate with

the Owner in the event that the Owner seeks to obtain a tax ruling from the Internal Revenue Service concerning this transaction.

The Lessee represents and warrants that (i) the expected useful life of the Units is at least 31.25 years and (ii) it expects that at the end of the original and first extended term of this Lease, the Units will have a fair market value of at least 20% of the Purchase Price thereof without including in such value any increase or decrease for inflation or deflation during the term of this Lease and after subtracting from such value any cost to the Owner for removal and delivery of possession of the Units to the Owner at the end of the primary term of this Lease. Without limiting the obligations of the Owner provided in the Participation Agreement, the Lessee agrees that not later than the First Closing Date it will deliver, or cause to be delivered, to the Lessor a certificate, addressed to the Lessor and to the Owner, of an independent appraiser satisfactory in form and substance to the Owner.

If by reason of the inaccuracy in law or in fact of any of the representations and warranties, or by reason of the inaccuracy of the useful life and fair market value expectations, set forth in this § 17(a), or any amendment enacted or adopted up through and including January 1, 1981, to the tax laws or any regulations thereunder, or the breach by the Lessee of any of its agreements hereunder or any act or omission of the Lessee (regardless of whether any such act or omission is permitted by the terms of this Lease or required by the terms of § 9 hereof) the Owner shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture all or any portion of the Tax Benefits with respect to all or any part of any Unit (any such loss, disallowance, recapture or treatment being hereinafter called a "Loss"), then in any such case the Lessee shall pay to the Owner on each of the dates provided in this Lease thereafter for payment of the installments of rental thereunder commencing with the first such date following the date on which the liability of the Lessee hereunder shall become fixed as hereinafter provided, such sums which (after deduction of all taxes required to be paid by the Owner on the payment of such sums under the laws of the United States or any political subdivision thereof or any foreign taxing authority, in each case calculated on the assumption that such tax is payable at the highest then applicable

marginal tax rate), when taken together with the portion of the rental installments due on such dates under the Lease which are to be distributed to the Owner, will, in the reasonable opinion of the Owner, maintain the Owner's after-tax return on and rate of recovery of investment and the total cash flows (computed on the same assumptions as utilized by the Owner in originally evaluating this transaction) in respect of such Unit hereunder and under the Participation Agreement at the same level that would have been available if such Loss had not occurred, and the Lessee shall forthwith pay to the Owner an amount which (after the deduction of any additional taxes required to be paid in respect of the receipt of such amount calculated on the assumption that such taxes are payable at the highest then applicable marginal tax rate) shall be equal to the amount of any interest or penalty which may be imposed in connection with such Loss. In the event that this Lease is terminated with respect to any Unit prior to the time the Lessee is obligated to make payments to the Owner as set forth in the preceding sentence (either because no such payment obligation had become fixed under such sentence prior to such termination or because the due date of such payment or payments shall occur following such termination), then the Lessee shall pay to the Owner, in lieu of such payment or payments, on or before 30 days after the liability of the Lessee in respect of such termination and hereunder shall become fixed as hereinafter provided, such lump sum (calculated in the same manner as set forth in the preceding sentence) as shall be necessary in the reasonable opinion of the Owner to maintain the Owner's after-tax return on and rate of recovery of investment and the total cash flows (computed on the same assumptions as utilized by the Owner in originally evaluating this transaction) in respect of such Unit hereunder and under the Participation Agreement at the same level that would have been available if such Loss had not occurred.

Anything in the preceding paragraph to the contrary notwithstanding, the Lessee shall not be required to make any payment to the Owner provided for therein if the Owner shall have suffered any Loss with respect to all or part of any Unit as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Agent the amounts stipulated under § 7 hereof;

(ii) a voluntary transfer or other voluntary disposition by the Owner of any of its interest in such Unit or the voluntary reduction by the Owner of its interest in the rentals from such Unit hereunder (other than pursuant to the assignment of this Lease to the Agent), unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the failure of the Owner to claim in a timely manner the Investment Tax Credit, the ADR Deduction or the Interest Deduction (unless the Owner shall have received an opinion of its tax counsel to the effect that it is not entitled to make such claim); or

(iv) the failure of the Owner to have sufficient liability for tax against which to credit the Investment Tax Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction, as applicable.

In the event a claim shall be made against the Owner which, if successful, would result in payments by the Lessee hereunder and if, in the opinion of independent tax counsel selected by the Lessee who is acceptable to such Owner (herein referred to as Counsel), a bona fide defense to such claim exists, the Owner shall, upon request and at the expense of the Lessee, contest such matter in such forum as the Owner, in its sole judgment, shall select, taking into consideration the Lessee's request of forum. The Owner shall not be obligated to take any such legal or other appropriate action unless it has received an opinion from Counsel that there is a reasonable basis for contesting such matter and the Lessee shall first have indemnified the Owner for all liabilities and expenses which may be entailed therein and shall have furnished the Owner with such reasonable security therefor as may be requested. At the Owner's option, the action to be taken can be commenced prior to making payment of any tax and interest and/or penalty attributable to such claim (a "Tax Payment") or after making such Tax Payment and then sue for a refund. If the Owner takes such action prior to making such Tax Payment, such sums payable hereunder need not be paid by the Lessee while such action is pending; provided that the Lessee shall pay the liabilities and expenses relating to such action when and as the same shall become due. In such case, if the Final Determination shall be adverse to the Owner, the sums payable hereunder shall be computed by the Owner as of the date of such Final Determination, the Owner shall notify the Lessee of such computation

and the Lessee shall commence payment thereof on the rental payment date hereunder next succeeding such Final Determination and, on or before such rental payment date, the Lessee shall pay to the Owner as an additional payment hereunder an amount which (after deduction of all taxes required to be paid by the Owner on the payment of such sums under the laws of the United States or any political subdivision thereof or any foreign taxing authority, in each case calculated on the assumption that such tax is payable at the highest then applicable marginal tax rate) shall be equal to all interest and penalty paid by the Owner in respect of such Final Determination, together with interest thereon from the date such payment is made by the Owner to the date the Lessee reimburses the Owner thereof at the rate of the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, determined on an actual elapsed day, 365-day year, basis. If the Owner makes such Tax Payment prior to contesting the matter, and then sues for a refund, the sums payable hereunder shall commence to be payable by the Lessee on the first rental payment date hereunder after the Owner notifies the Lessee that such Tax Payment has been made and, on or before such rental payment date, the Lessee shall pay to the Owner as an additional payment hereunder an amount which (after deduction of all taxes required to be paid by the Owner on the payment of such sums under the laws of the United States or any political subdivision thereof or any foreign taxing authority in each case calculated on the assumption that such tax is payable at the highest then applicable marginal tax rate), shall be equal to all interest and penalty paid by the Owner included in such Tax Payment and together with interest at a rate of the greater of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, from the date of the Owner's Payment until the date of Lessee's payment. If the Owner sues for a refund after making such Tax Payment, and if the Final Determination shall be in favor of the Owner, no future payments shall be due hereunder in respect of such matter (or an appropriate reduction shall be made if the Final Determination is partly in favor of and partly adverse to the Owner). In addition, the Lessee and the Owner shall adjust their accounts so that (a) the Owner pays to the Lessee (x) an amount equal to the sums theretofore paid by the Lessee to the Owner in respect of the Tax Payment (or a proportionate part thereof if the Final Determination is partly adverse to the Owner) on or before such next succeeding rental payment date together with interest on the amount of such sums refunded by the United

States at the interest rate currently paid on tax overpayments by the United States for the period such sums were paid to the Owner by the Government to the date the Owner pays to the Lessee an amount equal to such sums, and (y) the amount of any penalty or interest refunded to the Owner as a result of such Final Determination and any interest paid to the Owner by the Government on such refund, promptly upon receipt thereof and (b) the Lessee pays to the Owner an amount equal to interest at the rate of 14-1/2% or 2% over the prime interest rate being charged by Citibank, N.A., on 90-day loans to its most creditworthy corporate borrowers, determined on an actual elapsed day, 365-day year basis, on the amount of the tax refund made in respect of the Tax Payment (excluding any interest or penalty included therein) for the period from the date of the original payment of the Tax Payment by the Owner to the date such tax refund is received by the Owner. If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall reasonably have requested the Owner to contest such claim as above provided and shall have duly complied with all of the terms of this § 17(a), the Owner may elect not to contest any such claim despite the request of the Lessee, made in accordance with the terms of this paragraph, or to discontinue any proceedings previously commenced as a consequence of such request, and thereupon the Lessee shall be relieved of all liability to indemnify the Owner with respect to the Tax Benefits involved in respect of such claim.

"Final Determination" for the purpose of the preceding paragraph, means a final decision of a court of competent jurisdiction after all allowable appeals (other than an appeal or petition for certiorari to the Supreme Court of the United States unless the Owner elects to file such appeal or petition) have been exhausted by either party to the action; provided that no appeal beyond the court of original jurisdiction need be taken unless the Owner has received an opinion of counsel that there is a reasonable basis for taking such an appeal and the Lessee shall first have indemnified the Owner for all liabilities and expenses which may be entailed therein and shall have furnished the Owner with such reasonable security therefor as may be requested. Neither concession by the Owner of any of the aforementioned claims in the overall settlement of a controversy with the Internal Revenue Service either at the administrative level or at the court level nor the failure to recover a refund in whole or in part with respect to such claims which failure is the result of a setoff against a

claim for refund based upon such claims where the matters set off do not relate to such claims will constitute an adverse "final determination" causing the aforementioned additional payments to accrue to such Owner, unless such overall settlement or setoff of a tax controversy with the Internal Revenue Service is approved by the Lessee in a separate agreement with the Owner and the Lessee. If the Lessee does not request the Owner to contest a claim, then the Lessee's liability hereunder shall become fixed when the Lessee receives notice of a Loss from the Owner.

In the event payments shall be due the Lessor under this § 17, the Casualty Values and the Termination Values set forth in § 7 hereof shall be adjusted accordingly; provided, however, that no adjustment of such Casualty Values or Termination Values shall be made that will result in reducing either such Value below the amount of the outstanding CSA Indebtedness, in which case payments otherwise due under this § 17 shall be adjusted accordingly.

In addition to the foregoing, if by reason of any act or commission or omission (including any act required by the terms hereof), misrepresentation, breach of any agreement, covenant or warranty contained herein or in the Participation Agreement, on the part of the Lessee or any sublessee of the Lessee or of any sublessee, or if by reason of any act or omission of the Owner or its agents following the occurrence and continuation of an Event of Default under the Lease which constitutes a proper exercise of a remedy therefor under this Lease, any payments by the Lessee under this Lease shall be characterized for Federal income tax purposes of the Owner as gross income from sources without the United States and any part of the ADR Deductions and/or the Interest Deduction of the Owner is required to be allocated to such gross income with the result that there is in any taxable period of the Owner negative taxable income from sources without the United States attributable to the Units ("Foreign Source Losses") and if such Foreign Source Losses result in a reduction of the foreign tax credits which would otherwise be available to the Owner in such taxable period in the absence of such Foreign Source Losses, the Lessee shall pay to the Owner an amount which, after deduction of the net amount of all taxes which would be required to be paid by the Owner in respect of the receipt of such amount under the laws of any Federal, state or local government or taxing authority in the United States or in any foreign country which has jurisdiction to tax the Owner,

shall be equal to the deficiency in tax resulting from a reduction in the Owner's foreign tax credits and the amount of any interest or penalties payable with respect thereto. In determining the extent to which the Owner receives credit for any foreign tax against its Federal income tax liability, it shall be assumed that credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any foreign taxes indemnified hereunder which are claimed as credits for such year.

(b) In the event and to the extent that the cost of any replacement, improvement and/or addition to any Unit or any expenditure by the Lessee in respect of any Unit or this Lease (hereinafter called Additional Expenditures) made by the Lessee, under and pursuant to the terms of this Lease or otherwise, is required to be included in the gross income of the Owner for Federal, state or local income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the Lessee hereby agrees that it will pay to the Owner on each of the dates provided in this Lease for payment of the installments of rental thereunder in respect of such Unit commencing with the first such date following the date on which such inclusion is required, such sums (on account of taxes and related interest and penalties) which (after deduction of all taxes required to be paid by the Owner with respect to the receipt thereof under the laws of the United States or any political subdivision thereof at the highest marginal corporate rates), when taken together with the rental installments due on such dates hereunder in respect of such Unit, will, in the reasonable opinion of the Owner, maintain each of the Owner's after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions as utilized by the Owner in originally evaluating this transaction) in respect of such Unit hereunder and under the Participation Agreement at the same level that would have been available if the cost or value of such Additional Expenditures had not been treated as income to the Owner.

(c) For purposes of this § 17, the term "Owner" shall include any affiliated group of which the Owner is a member if consolidated, joint, or combined returns are filed for such affiliated group for Federal, state or local income tax purposes. For the purposes of this § 17, the term "penalty" or "penalties" shall mean only a penalty or penal-

ties no part of which would have been imposed but for this Lease.

(d) All payments provided to be made to the Owner by the Lessee pursuant to this § 17 shall be made by wire transfer of immediately available funds to such bank in the continental United States for the account of the Owner as the Owner from time to time shall have directed the Lessee in writing.

(e) All the rights and privileges of the Owner arising from the indemnities contained in this § 17 shall survive the expiration or other termination of this Lease and such indemnities are expressly made for the benefit of and shall be enforceable by the Owner, its successors and assigns.

§ 18. 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 Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, Attention of Vice President, Administration, with a copy to GATX Leasing Corporation at such address as it shall have furnished for such purpose;

(b) if to the Lessee, at 120 South Riverside Plaza, Chicago, Illinois 60606, Attention of Law Department;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor at its address set forth in Schedule A to the Participation Agreement, and to the Owner at Three Gateway Center, Pittsburgh, Pennsylvania 15222, Attention of Manager-Lease Operations.

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

Except for the Participation Agreement and the exhibits thereto, this Lease exclusively and completely states the rights and obligations 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.

The Lessee shall be liable for all reasonable attorneys' fees and other costs and expenses incurred in connection with any amendments, supplements and waivers with respect to this Lease.

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

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

§ 22. No Guarantee of CSA Indebtedness or Residual Value. Nothing in this Agreement is intended or shall be construed to constitute a guarantee by the Lessee of the CSA Indebtedness of the Vendee under the CSA or a guarantee of the residual value of any Unit.

§ 23. 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.

Each and all of the warranties, representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal warranties, representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate, as such term is used in the Trust Agreement, and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for its wilful misconduct or gross negligence, or against the Owner on account of any warranty, representation, undertaking or agreement herein of the Lessor or the Owner, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under it, making claims hereunder may look to the Trust Estate for satisfaction of the same.

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

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

first above written.

GENERAL AMERICAN TRANSPORTATION CORPORATION,

[Corporate Seal]

by _____

Attest:

_____
Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee as aforesaid,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

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

On this day of September 1980 before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the of GENERAL AMERICAN TRANSPORTATION 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 CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this 29th day of September 1980 before me personally appeared **DONALD E. SMITH**, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK 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.

Barbara S. Kacich
Notary Public

[Notarial Seal]

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

My Commission expires

Lease of Railroad Equipment

SCHEDULE A

Type	Quantity	Lessee's Road Numbers (Both Inclusive)
100 Ton Tankcars	183	GATX 300690 to 300831 GATX 300834 to 300837 GATX 300843 to 300879

Lease of Railroad Equipment

SCHEDULE B

Casualty Value Percentage Schedule

Table 1

Rental Payment Date	Percentage
5 Jan. 81 (Interim Date)	83.6260
5 Jul. 81	84.5867
5 Jan. 82	85.5474
5 Jul. 82	86.2565
5 Jan. 83	87.1525
5 Jul. 83	87.8216
5 Jan. 84	88.2945
5 Jul. 84	88.5525
5 Jan. 85	88.6026
5 Jul. 85	88.4456
5 Jan. 86	88.0951
5 Jul. 86	87.5466
5 Jan. 87	86.8209
5 Jul. 87	85.9079
5 Jan. 88	84.8357
5 Jul. 88	83.5887
5 Jan. 89	82.2027
5 Jul. 89	80.6562
5 Jan. 90	79.0003
5 Jul. 90	77.2240
5 Jan. 91	75.3313
5 Jul. 91	73.3205
5 Jan. 92	71.2394
5 Jul. 92	69.0564
5 Jan. 93	66.8437
5 Jul. 93	64.5548
5 Jan. 94	62.2726
5 Jul. 94	59.9344
5 Jan. 95	57.6070
5 Jul. 95	55.2124
5 Jan. 96	52.7647
5 Jul. 96	50.2163

Rental Payment Date	Percentage
5 Jan. 97	47.6034
5 Jul. 97	44.8862
5 Jan. 98	42.0976
5 Jul. 98	39.2005
5 Jan. 99	36.2304
5 Jul. 99	33.1477
5 Jan. 00	29.9911
5 Jul. 00	26.7185
5 Jan. 01	23.3720
5 Jul. 01	22.2862
5 Jan. 02	21.2878
5 Jul. 02	20.2672
5 Jan. 03	20.0000

Table 2

The percentages set forth in Table 1 of this Schedule B have been computed without regard to recapture of the Investment Tax Credit (as defined in Section 17 relating to certain tax indemnities) as applicable. If a Unit shall suffer a Casualty Occurrence on or before the third, fifth and seventh anniversary of the date of delivery and acceptance of such Unit and the Owner shall be required to recapture all or a portion of the Investment Tax Credit by virtue of such Casualty Occurrence, the amount determined from Schedule I shall be increased by the applicable percentage of the Purchase Price set forth below:

Anniversary of Delivery and Acceptance	Percentage of Purchase Price
Third	19.4231
Fifth	12.9487
Seventh	6.4744

Lease of Railroad Equipment

SCHEDULE C

Termination Value Percentage Schedule

Termination Date	Percentage
5 Jan. 91	77.9379
5 Jul. 91	75.7056
5 Jan. 92	72.8395
5 Jul. 92	70.4279
5 Jan. 93	67.4613
5 Jul. 93	64.9401
5 Jan. 94	61.9388
5 Jul. 94	59.3659
5 Jan. 95	56.3559
5 Jul. 95	53.7220
5 Jan. 96	50.6256
5 Jul. 96	47.8300
5 Jan. 97	44.6032
5 Jul. 97	41.6300
5 Jan. 98	38.2646
5 Jul. 98	35.1013
5 Jan. 99	31.8466
5 Jul. 99	28.4596
5 Jan. 00	24.9775
5 Jul. 00	21.3568
5 Jan. 01	17.6380