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INTERSTATE COMMERCE COMMISSION
RECORDATION NO. 13250-B Filed 1425
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INTERSTATE COMMERCE COMMISSION
RECORDATION NO. 13250-C Filed 1425
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INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

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CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

RECORDATION NO. 13250 Filed 1425
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INTERSTATE COMMERCE COMMISSION

No. 1-077384105
SEP 30 1981
Date
Fee $ 100.00
ICC Washington, D. C.

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September 30, 1981

Allied Corporation
Lease Financing Dated as of August 1, 1981
15-3/4% Conditional Sale Indebtedness Due 1997

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 Allied Corporation, for filing and recordation counterparts of the following documents:

(1) (a) Conditional Sale Agreement dated as of August 1, 1981, among Richmond Tank Car Company and General American Transportation Corporation, as Builders, and Exchange National Bank of Chicago, as Trustee; and

(b) Agreement and Assignment dated as of August 1, 1981, between Richmond Tank Car Company, General American Transportation Corporation, as Builders and LaSalle National Bank, as Agent.

(2) (a) Lease of Railroad Equipment dated as of August 1, 1981, between Allied Corporation, as Lessee, and Exchange National Bank of Chicago, as Owner-Trustee; and

(b) Assignment of Lease and Agreement dated as of August 1, 1981, between Exchange National Bank of Chicago, as Owner-Trustee, and LaSalle National Bank, as Agent.

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RECEIVED
FEE
TIME
BR.

Counterparts
Joseph Bontman

Tha names and addresses of the parties to the aforementioned agreements are as follows:

(1) Assignee-Agent:

LaSalle National Bank,
135 South LaSalle Street
Chicago, Illinois 60690

(2) Trustee-Owner-Trustee:

Exchange National Bank of Chicago
130 South LaSalle Street
Chicago, Illinois 60603

(3) Builder-Vendor:

Richmond Tank Car Company
1700 West Loop South, Suite 1500
Houston, Texas 77027

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

(4) Lessee:

Allied Corporation
P. O. Box 1219 R
Columbia Road and Park Avenue
Morristown, New Jersey. 07960

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

The equipment covered by the aforementioned documents consists of the following:

23 Richmond Tank Car Company 23,700 gallon acid pressure tank cars, AAR Mechanical Designation 112-S-400W bearing the Lessee's identification numbers ACTX 423000-423022, both inclusive, and 17 General American Transportation Corporation 20,000 gallon coal tar products tank cars, AAR Mechanical Designation 111-A-100W-2, bearing the Lessee's identification numbers ACTX 420112-420128, both inclusive, and also bears the legend

"Ownership Subject to A Security Agreement Filed with The Interstate Commerce Commission. Owned by La Salle National Bank as Agent or its Successors or Assigns."

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,

Laurance V. Goodrich

Laurance V. Goodrich
As Agent for
Allied Corporation

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

Encls.

[CS&M Ref. 5562-004]

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1981

Among

RICHMOND TANK CAR COMPANY

and

GENERAL AMERICAN TRANSPORTATION CORPORATION

and

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as
trustee under the Trust Agreement
dated as of the date hereof with
Litton Equity Investments, Inc.

15-3/4% Conditional Sale Indebtedness Due 1997

[Covering 40 tank cars]

CONDITIONAL SALE AGREEMENT

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* This Table of Contents has been included for convenience only and does not form a part of this document.

CONDITIONAL SALE AGREEMENT dated as of August 1, 1981, between the corporations named in Item 1 of Annex A hereto (said corporations being hereinafter collectively called the "Builders" and severally the "Builder" or collectively or severally the "Vendor", as the context may require, all as more particularly set forth in Section 1.3 hereof), and EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, acting not in its individual capacity but solely as trustee ("Trustee") under the Trust Agreement dated as of the date hereof ("Trust Agreement") with LITTON EQUITY INVESTMENTS, INC., a Nevada corporation ("Owner").

Each Builder has agreed to conditionally sell to the Trustee, subject to the terms and conditions hereof, the railroad equipment described in Annex B hereto ("Equipment").

The Trustee is entering into a Lease of Railroad Equipment with ALLIED CORPORATION ("Lessee"), substantially in the form of Annex C hereto ("Lease").

LA SALLE NATIONAL BANK ("Agent") is acting as agent for an investor (hereinafter, together with its successors and assigns, called the "Investors") pursuant to a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Agent, the Owner, the Trustee and the Investors.

In consideration of the agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE 1. ASSIGNMENT; DEFINITIONS

1.1. Contemplated Sources of Purchase Price; Assignment. The parties hereto contemplate that the Trustee will furnish that percentage of the Purchase Price (as defined in Section 4.1 hereof) of the Equipment as is specified in Section 4.3 and that an amount equal to the balance of such Purchase Price shall be paid to the Builders by the Agent pursuant to an Agreement and Assignment dated as of the date hereof ("CSA Assignment") between the Builders and the Agent.

1.2. Lease Assignment. As security for the payment and performance of all the Trustee's obligations hereunder, the Trustee will assign to the Agent certain of the rights, title and interests of the Trustee in and to the Lease pursuant to an Assignment of Lease and Agreement substantially in the form of Annex D hereto ("Lease Assignment"), and the Lessee shall acknowledge and consent thereto pursuant to a Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

1.3. Meaning of "Vendor" and "Builder". The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, each of the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder), and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designations as "the Vendor", "such Builder", "the Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Annex A hereto or its successor, such right or obligation shall be construed to accrue to or be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

ARTICLE 2. CONSTRUCTION AND SALE

Each Builder shall construct its units of Equipment at its plant or plants set forth in Annex B hereto and will sell and deliver such Equipment to the Trustee. Each unit of Equipment shall be constructed in accordance with the specifications referred to in Annex B and the Purchase

Order (as hereinafter defined) and in accordance with such modifications thereof as may be agreed upon in writing between such Builder, the Trustee and the Lessee (such specifications and any modifications called "Specifications"). The design, quality and component parts of each unit of Equipment shall conform, on the date of delivery and acceptance thereof, to all United States Department of Transportation and Interstate Commerce Commission and similar Canadian governmental instrumentality requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to each such unit of Equipment and each such unit will be new railroad equipment when delivered to the Trustee and the original use thereof shall commence with the Trustee.

ARTICLE 3. INSPECTION AND DELIVERY

3.1. Place of Delivery. Each Builder will deliver its units of the Equipment to the Trustee at the place or places specified in Annex B hereto, freight charges and storage charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (c) or (d) of Section 16.1 hereof or subsequent to the occurrence of any event of default as described in Section 16.1 hereof or of any event which with the giving of notice or lapse of time or both would constitute such an event of default. Each Builder agrees not to deliver any unit of its Equipment hereunder (a) following receipt of written notice from the Trustee or the Agent of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, (b) until it receives notice from the Agent, the Trustee or their counsel on their behalf, that the respective conditions contained in Section 7.1 and Section 8.1 of the Participation Agreement have been met, or (c) following receipt of written notice from the Agent or the Trustee of the Agent's or the Trustee's determination that there has been a materially adverse change in the condition, financial or otherwise, of the Lessee from that which existed on December 31, 1980.

3.2. Force Majeure. The obligations of each Builder as to time of delivery are subject to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riots or civil commotion, sabotage, strikes,

differences with workmen, accidents, fires, floods, explosions, damage to plant, equipment or facilities, delays in receiving necessary materials, delays of carriers or subcontractors.

3.3. Exclusion of Equipment. Notwithstanding the provisions of Section 3.2 hereof, any unit of Equipment not delivered to the Trustee pursuant to Section 3.1 hereof and any unit of Equipment not delivered and accepted by the Trustee hereunder on or before December 31, 1981, shall be excluded from this Agreement, and the Trustee shall be relieved of its obligations hereunder to purchase and pay for such Equipment. If any unit of Equipment shall be so excluded, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. In the event of any such exclusion of any unit of Equipment herefrom pursuant to the foregoing provisions or pursuant to Section 4.1 hereof, or in the event the Trustee is relieved of its obligations hereunder to accept or pay for any or all units of Equipment in accordance with the terms and conditions hereof for any reason whatsoever, the Lessee will be obligated pursuant to Article I of the Participation Agreement to accept all such units completed and delivered by each Builder and to pay the full purchase price therefor when due, all in accordance with the terms of its prior contractual arrangements with each Builder relating to the Equipment (the "Purchase Order"), and the Trustee will reassign, transfer and set over to the appropriate Builder and the Lessee, as their respective interests shall appear, all the right, title and interest of the Trustee in and to the units so excluded and the Purchase Order to the extent relating thereto. The Trustee agrees, upon any such exclusion, to take such steps including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of equipment so excluded from this Agreement.

3.4. Inspection. During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Trustee (who may be employees and agents of the Lessee), and each Builder shall grant to such authorized inspectors reasonable access to its plant at which the units of Equipment are being constructed. Prior to delivery to the Trustee by each Builder, each of its units of Equipment shall be presented to an authorized inspector

of the Trustee for inspection at the place specified for delivery of such unit, and if such unit conforms to the Specifications, requirements and standards applicable thereto, such authorized inspector shall execute and deliver to the appropriate Builder a certificate of acceptance ("Certificate of Acceptance") stating that such unit has been inspected and accepted on behalf of the Trustee and is marked in accordance with Article 10 hereof; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Articles 2 and 14 hereof. By § 2 of the Lease and by this Section 3.4, the Trustee hereby appoints the Lessee its agent to inspect and accept delivery of the Equipment. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) pursuant to § 2 of the Lease shall be deemed to be acceptance of such unit hereunder by the Trustee.

3.5. Each Builder's Responsibilities After Delivery. Upon delivery to and acceptance by the Trustee of each such unit of Equipment at the place specified for delivery, the Builder thereof shall have no further responsibility for nor bear any risk of any damage to or the destruction or loss of any such unit; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Articles 2 and 14 hereof.

ARTICLE 4. PURCHASE PRICE AND PAYMENT

4.1. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices include storage and freight charges to the place of delivery payable to the appropriate Builder and engineering and inspection charges payable to the Lessee and are subject to such increase or decrease as is agreed to by the appropriate Builder, the Trustee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased and as set forth in the appropriate Builder's invoice or invoices delivered to the Trustee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Trustee (such invoice or invoices being hereinafter called the Invoices). On each Closing Date the Lessee will submit its Invoices for engineering and inspection charges, and such Invoices shall be settled for as if the Lessee were a Builder hereunder. If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the

provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Trustee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the appropriate Builder (and any assignee of such Builder) and the Trustee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for in inverse order of their delivery pursuant to Article 3 hereof, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid), and the Trustee shall take such other steps, including the execution of instruments of transfer, as it may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Trustee shall have no further obligation or liability in respect of units so excluded.

4.2. Settlement and Closing Dates. The Equipment shall be settled for in such number of groups ("Groups") of units of Equipment delivered to and accepted by the Trustee as is provided in Item 2 of Annex A hereto. The term "Closing Date" with respect to any group of units shall be such date as is specified by the Lessee in accordance with Item 2 of Annex A hereto by six business days' written notice thereof with the concurrence of the Trustee and the Agent, but in no event shall such Closing Date be later than December 31, 1981. Such notice shall specify the aggregate Purchase Price of the Equipment to be settled for and a copy thereof shall be sent by the Lessee to the Agent, the Trustee and the Owner. The place of each closing shall be determined by mutual agreement among the parties hereto. At least five business days prior to any Closing Date, the appropriate Builder shall present the Invoice to the Trustee and the Lessee for the Equipment to be settled for. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, or New York, N. Y., are authorized or obligated to remain closed.

4.3. Indebtedness of Trustee to Vendor. Subject to the terms of this Agreement and the satisfaction of the conditions set forth in the Participation Agreement, the Trustee hereby acknowledges itself to be indebted to the Vendor in the amount of the aggregate Purchase Price of the

Equipment to be settled for and hereby promises to pay the same in cash or immediately available funds to the Vendor at such place as the Vendor may designate, as follows:

(a) on each Closing Date, an amount equal to 27.711% of the aggregate Purchase Price of the Equipment for which settlement is being made; and

(b) in 30 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the Equipment for which settlement is being made less the aggregate amount paid or payable with respect thereto pursuant to subsection (a) of this Section (said portion of the aggregate Purchase Price payable in installments called "CSA Indebtedness").

4.4. CSA Indebtedness; Payment Dates; Interest. (a) The installments of the CSA Indebtedness shall be payable semiannually on January 1 and July 1 in each year, commencing on July 1, 1982 (each such date a "Payment Date"). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 15-3/4% per annum. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on January 1, 1982, and semiannually on each Payment Date thereafter. The amounts of principal of and interest on the CSA Indebtedness payable on each Payment Date shall be calculated to be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal shall completely amortize the CSA Indebtedness at maturity. The Trustee will furnish to the Vendor and the Lessee schedules showing the respective amounts of principal and interest payable on each Payment Date promptly after the last Closing Date, in such number of counterparts as shall be requested by the Vendor.

(b) If any of the dates for payment of principal or interest is not a business day, such payment shall be payable on the succeeding business day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding business day.

4.5. Calculation of Interest. Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that the interest accrued to January 1, 1982, shall be calculated on an actual days elapsed, 365-day year basis.

4.6. Penalty Interest. The Trustee will pay interest, to the extent legally enforceable, at the rate of 16-3/4% per annum ("Penalty Rate") upon all amounts remaining unpaid on the CSA Indebtedness after the same shall have become due and payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

4.7. Currency of Payment. All payments provided for in this Agreement shall be made by bank wire transfer of Federal funds in such coin or currency of the United States as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Articles 7 and 16 hereof, the Trustee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date on which it becomes due.

4.8. Liability of Trustee Limited to "Income and Proceeds from Equipment". Notwithstanding any other provision of this Agreement (including but not limited to any provision of Articles 16 and 17 hereof, except as set forth in this Section 4.8), but not limiting the effect of Article 22 hereof, the liability of the Trustee or any assignee of the Trustee for any and all payments to be made by it under this Agreement, with the exception only of the payments to be made pursuant to Section 4.3(a) hereof and interest payable on January 1, 1982 (which payments shall be made by the Trustee solely from funds provided to the Trustee by the Owner for the purpose of enabling the Trustee to make such payments) and the proviso to Section 13.3 hereof, shall not exceed an amount equal to and shall be payable only out of the "income and proceeds from the Equipment", and such payments shall be made by the Trustee only to the extent that the Trustee or any assignee of the Trustee shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. Except as provided in the preceding sentence, the Trustee shall have no liability to make any payments

under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Trustee or any assignee of the Trustee. As used herein the term "income and proceeds from the Equipment" shall mean:

(i) if one of the events of default specified in Section 16.1 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Trustee or any assignee of the Trustee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of a Casualty Occurrence (as defined in § 7 of the Lease) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 13 or any other provision of the Lease (except any Excluded Payments as defined in the Lease Assignment) and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition; and

(ii) at any other time only that portion of the amounts referred to in clauses (a) and (b) of subsection (i) above (not including amounts paid by the Lessee to the Trustee as reimbursement of sums paid by the Trustee on account of prior defaults under § 10 of the Lease) as are indefeasibly received by the Trustee or any assignee of the Trustee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of a Casualty Occurrence or Termination) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement;

it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Trustee or any assignee of the Trustee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in

respect of a Casualty Occurrence or Termination) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Trustee or any assignee of the Trustee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. Nothing contained herein limiting the liability of the Trustee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 or 17 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Trustee for an amount in excess of the amounts payable by the Trustee pursuant to the limitations set forth in this Section, it will, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth or referred to in this Section.

ARTICLE 5. SECURITY INTEREST IN EQUIPMENT

5.1. Vendor To Retain Security Interest; Accessions Are Part of Equipment. The Vendor hereby retains a security interest in the Equipment until the Trustee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Trustee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Trustee and the Lessee as provided in this Agreement and the Lease. Any and all parts installed on and additions and replacements made to any unit of Equipment (i) which are not readily removable without causing material damage to such unit, (ii) the cost of which is included in the Purchase Price of such unit, (iii) in the course of ordinary maintenance of such unit, or (iv) which are required for the operation or use of such unit in railroad interchange by the Applicable Laws (as defined in § 9.2 of the Lease) shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used herein.

5.2. Obligations upon Payment of CSA Indebtedness. Except as otherwise specifically provided in

Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Trustee at that time, will, at the expense of the Trustee, (a) execute an instrument releasing its security interest in the Equipment and transferring such interest to the Trustee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such instrument to the Trustee at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Trustee to the Equipment and (c) pay to the Trustee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as provided therein. The Trustee hereby waives and releases any and all rights existing or that may be acquired in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificate within a reasonable time after written demand by the Trustee.

ARTICLE 6. TAXES

6.1. General Tax Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Trustee agrees to pay and to indemnify and hold the Vendor harmless from all Taxes (as defined in § 6 of the Lease) for which indemnification is required under the Lease; excluding, however, (i) Taxes measured solely by net income based upon the Vendor's receipt of payments provided for herein (other than payments due the Vendor under this Article 6 except those for which the Vendor is entitled to a corresponding deduction in the calculation of its net income) and franchise and value added taxes which are in lieu of such net income taxes; and (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; provided, however,

that the Trustee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in Section 6.2 hereof.

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

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Trustee under or arising out of this Article 6, the Trustee shall either make such report or return in such manner as will show the interests of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Trustee.

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

ARTICLE 7. MAINTENANCE; TERMINATION AND CASUALTY OCCURRENCES

7.1. Maintenance. The Trustee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order and repair, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the Applicable Laws and in the same condition as other similar equipment owned or leased by the Lessee.

7.2. Termination; Casualty Occurrences. In the event that the Lease is terminated pursuant to § 7.7 of the Lease (a "Termination"), or any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7.1 of the Lease), the Trustee shall, promptly after it shall have received notice from the Lessee or has otherwise been informed of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto by written notice; provided that, in the case of a Termination, the Trustee shall give such written notice to the Vendor no less than 30 days prior to the Settlement Date, as hereinafter defined. On the next succeeding date for the payment of an installment on the CSA Indebtedness (or, in the event such date will occur within 10 days of the delivery of notice, on the following payment date) after such notice from the Lessee has been received or on the Termination Date (as defined in § 7.7 of the Lease) in the case of a Termination (each such date hereinafter called a "Settlement Date"), the Trustee shall, subject to the limitations contained in Section 4.8 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence, a sum equal to the Casualty Value (as defined in Section 7.3 hereof) of such unit suffering a Casualty Occurrence as of such Settlement Date, together with an amount equal to accrued interest thereon and (ii) in the case of a Termination a sum equal to the Termination Value (as defined in Section 7.4 hereof) of all units subject to the Lease as of such Settlement Date, together with an amount equal to accrued interest thereon (as hereinafter provided). The Trustee shall file, or cause to be filed, with the Vendor

a certificate setting forth the Casualty Value of such unit or the Termination Value of all units subject to the Lease, as the case may be. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of principal and interest due on such date in respect of CSA Indebtedness not being prepaid) to prepay, without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid. The Trustee shall promptly cause to be furnished to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor and the Lessee may request, calculated as provided in Section 4.4 hereof.

7.3. Casualty Value. The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit). For the purpose of this Section 7.3 and Section 7.4 hereof, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

7.4. Termination Value. The Termination Value of any unit of Equipment subject to the Lease shall be the same as the Casualty Value thereof.

7.5. Obligations upon Payment of Casualty or Termination Value. Upon payment by the Trustee to the Vendor of the Casualty Value or Termination Value of any unit of the Equipment having suffered a Casualty Occurrence or having been subject to Termination, as the case may be, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Trustee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Trustee, will execute and deliver to the Trustee, at the expense of the Trustee, an appropriate instrument confirming such passage to the Trustee of all the

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

ARTICLE 8. INSURANCE; CONDEMNATION

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of any unit suffering a Casualty Occurrence, the Vendor shall forthwith pay such insurance proceeds or condemnation payments to the Trustee after receipt by the Vendor of the Casualty Value of such Unit, together with accrued interest thereon, unless an event of default shall have occurred and be continuing hereunder. All insurance proceeds received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be forthwith paid to the Trustee upon proof reasonably satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired, provided that an event of default shall not have occurred and be continuing.

ARTICLE 9. REPORTS AND INSPECTIONS

On or before April 30 in each year, commencing with April 30, 1982, the Trustee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Trustee's and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10. MARKING OF EQUIPMENT

The Trustee will cause each unit of Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Trustee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor which previously shall have been filed with the Vendor and filed by or on behalf of the Trustee in all public offices where this Agreement shall have been filed. Except as aforesaid, the Trustee will not allow the name of any person, association or corporation to be placed on any unit of Equipment as a designation

that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries and affiliated companies, and provided, further, that Lessee may make any change in the lettering of the names, trademarks, initials or other insignia at any time and as often as it deems it appropriate to do so.

ARTICLE 11. COMPLIANCE WITH LAWS

During the term of this Agreement, the Trustee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including without limitation the use, maintenance and operation of the Equipment) with all Applicable Laws and in the event the Applicable Laws require any alteration, replacement or addition of or to any part on any unit of Equipment, the Trustee will or will cause any lessee to conform therewith at no expense to the Vendor; provided, however, that the Trustee or any lessee may, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Vendor, materially and adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12. POSSESSION AND USE

12.1. Possession and Use of Equipment by Trustee. So long as an event of default shall not have occurred and be continuing under this Agreement, the Trustee shall be entitled to the possession of the Equipment and the use thereof (as provided in the Lease) from and after delivery of the Equipment by each Builder to the Trustee, but only upon and subject to all the terms and conditions of this Agreement.

12.2. Lease Permitted; Lease Subordinate; No Amendment or Termination. The Trustee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights and shall be subject to the remedies of the Vendor under this Agreement. The Lease shall not be amended in any

respect or terminated (except in accordance with its terms and except as permitted in the Lease Assignment) without the prior written consent of the Vendor prior to the payment in full of the CSA Indebtedness, together with all other sums due to the Vendor hereunder.

ARTICLE 13. PROHIBITION AGAINST LIENS

13.1. Trustee To Discharge Liens. The Trustee will pay or discharge any and all sums claimed by any party from, through or under the Trustee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or any unit thereof or the Lease or the income and proceeds from the Equipment or the Lease and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, materially and adversely affect the security interest of the Vendor in or to the Equipment, its interest in the income and proceeds from the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment or the income and proceeds from the Equipment shall be secured by and under this Agreement.

13.2. No Breach for Certain Liens. The covenant set forth in Section 13.1 will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case not delinquent, liens or claims arising hereunder or under the Participation Agreement and the documents contemplated thereby or from the Vendor's acts or out of judgments under appeal and with execution thereon stayed.

13.3. Article 13 Subject to Article 22 Except in Certain Instances. The obligations of the Trustee under this Article 13 are subject to the limitations contained in Article 22 hereof; provided, however, that the Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or

under the Trustee, its successors and assigns (other than the Agent or any successor trustee under the Trust Agreement) which result from claims not related to the ownership of the Equipment or the administration of the Trust Estate or any other transaction contemplated by this CSA or its Documents (as defined in the Participation Agreement), and, to the extent it receives funds sufficient for such purpose from the Owner, from, through or under the Owner and its successors and assigns (and also, to the extent that it receives funds sufficient for such purpose from the Owner, including taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or the Trustee's interest in the Lease and the payments to be made thereunder, but the Trustee shall not be required to pay or discharge any such tax, claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not in the reasonable opinion of the Vendor adversely affect the security interest of the Vendor in the Equipment, the Lease, its interest in the income and proceeds from the Equipment or the Lease.

ARTICLE 14. INDEMNITIES AND WARRANTIES

14.1. Indemnification. The Trustee shall pay and shall protect, indemnify and hold harmless the Vendor, its successors, assigns, agents and servants ("Indemnified Persons"), from and against any and all Indemnified Matters (as defined in § 9.5 of the Lease), except that the Trustee shall not be liable to either Builder in respect of any Indemnified Matter to the extent liability in respect thereof arises from an act or omission of such Builder or is covered by such Builder's warranties or patent indemnities referred to in Articles 2 and 14 hereof. The Trustee shall be obligated under this Article 14, whether or not any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Trustee under this Article 14 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemni-

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

14.2. Survival; No Subrogation. The indemnities contained in this Article 14 shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of and shall be enforceable by any Indemnified Person. None of the indemnities in this Article 14 shall be deemed to create any rights of

subrogation in any insurer or third party against the Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

14.3. Trustee Not Released if Equipment Damaged or Lost. The Trustee will bear the responsibility for and risk of any damage to or destruction or loss of each unit of Equipment and shall not be released from its obligations hereunder in any such event.

14.4. Warranties and Patent Indemnities. The agreement of the parties relating to each Builder's warranties of material and workmanship and to patent indemnification is set forth in Items 3 and 4 of Annex A hereto and Article 2 hereof. Such warranties and covenants of patent indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

14.5. Warranties of Each Builder. Each Builder represents and warrants to the Trustee that at the time of delivery and acceptance of each unit of Equipment under this Agreement the Trustee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor, the Lessee and the Trustee.

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

Each Builder hereby represents and warrants to the Trustee and its successors and assigns that this Agreement has been duly authorized by such Builder and lawfully executed and delivered by it for a valid consideration and that, assuming due authorization, execution and delivery by the Trustee, this Agreement is, insofar as such Builder is concerned, a legal, valid and binding instrument, enforceable against such Builder in accordance with its terms.

ARTICLE 15. ASSIGNMENTS

15.1. Assignment by Trustee. The Trustee will not transfer the right to possession of any unit of the Equipment (except pursuant to the Lease) or sell, assign, transfer or otherwise dispose of its rights under this Agreement (except as provided in the Trust Agreement).

15.2. Assignment by Vendor. All or any of the rights, remedies, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Trustee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to or relieve either Builder from any of the obligations of such Builder to deliver the Equipment to the Trustee in accordance herewith or to respond to its warranties and indemnities referred to in Articles 2 and 14 hereof, or relieve the Trustee of its obligations to such Builder contained in Articles 3, 4, 6 and 14 hereof, Annex A hereto and this Article 15 or any other obligation which, according to its terms or context, is intended to survive an assignment.

15.3. Notice of Assignment by Vendor. Upon any such assignment pursuant to Section 15.2 hereof, the assignor shall give written notice to the Trustee and the Lessee, together with a copy of such assignment, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Trustee of the notification of any such assignment, all payments thereafter to be made by the Trustee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct. The Trustee shall have no obligation to any assignee prior to actual receipt by the Trustee of written notice of any such assignment.

15.4. No Setoff Against CSA Indebtedness. The Trustee recognizes that this Agreement will be assigned to the Agent as provided in the CSA Assignment. The Trustee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor

hereunder, and for the purpose of inducing such acquisition, that the rights of the Agent to the entire unpaid CSA Indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever by the Trustee arising out of any breach of any obligation of either Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof or with respect to any indemnity herein contained or arising by reason of any other indebtedness or liability at any time owing to the Trustee or the Lessee by either Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Trustee against and only against the appropriate Builder.

ARTICLE 16. DEFAULTS

16.1. Events of Default; Termination of Lease; Declaration of Default; Acceleration of CSA Indebtedness. In the event that any one or more of the following events of default shall occur and be continuing:

(a) the Trustee shall fail to pay or cause to be paid in full any sum payable by the Trustee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) and such default shall continue for 15 business days (in the case of nonpayment of interest or principal with respect to the CSA Indebtedness), or 30 days (in the case of nonpayment of any other sum payable by the Trustee hereunder) after written notice from the Vendor to the Trustee and the Lessee; or

(b) default shall be made in the observance or performance of any of the conditions and agreements on the part of the Trustee (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) contained in Section 7.1 hereof, and such default shall continue for 30 days after written notice from the Vendor to the Trustee, the Owner and the Lessee specifying the default and demanding that the same be remedied; provided, however, that, if at the end of such 30-day grace period

the Trustee and the Lessee shall in good faith be diligently proceeding to cure such default, the grace period shall continue until the earlier of (i) the date on which the Trustee and the Lessee shall fail in good faith to diligently proceed to cure such default or (ii) the date on which the Vendor shall give written notice to the Trustee and the Lessee that their delay in effecting the cure materially affects its rights hereunder; or

(c) default shall be made in the observance or performance of any other of the conditions and agreements on the part of the Trustee (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) or the Lessee contained herein or in the Participation Agreement, the CSA Assignment, the Lease Assignment or the Consent and such default shall continue for 30 days after written notice from the Vendor to the Trustee and the Lessee specifying the default and demanding that the same be remedied; or

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

(e) any other proceeding shall be commenced by or against the Trustee (in its capacity as Trustee under the Trust Agreement), the Owner or the Lessee for any relief which includes or might result in any modification of the obligations of the Trustee hereunder, the Owner under the Trust Agreement or the Lessee under the Lease or under the Consent under any

bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to be duly assumed in writing within 60 days after such proceedings shall have been commenced, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Trustee, the Owner or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers; or

(f) any Event of Default under and as defined in the Lease unless the Trustee shall have cured the corresponding event of default hereunder within five business days after notice to the Trustee of such event of default; provided, however, no event of default shall be deemed to have occurred hereunder if such Event of Default under the Lease shall have arisen as a result of the failure of the Lessee to make any Excluded Payment (as defined in the Lease Assignment) unless and until the Owner shall notify the Vendor in writing that it deems such failure to be an event of default;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Trustee and the Lessee, and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the term of the Lease immediately upon such notice to terminate; provided, however, that such termination shall not be in derogation of or impair the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under § 10 of the Lease (subject to the Agent's rights to repossess and sell the Equipment as provided in this

Agreement), including the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to sue for and recover damages provided for in § 10 of the Lease upon the occurrence of an Event of Default under the Lease, and/or (ii) declare ("Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Trustee wherever situated, subject to the provisions of Articles 4 and 22 hereof. The Trustee shall promptly notify the Vendor and the Lessee of any event of which it has knowledge which constituted, constitutes, or with the giving of notice or lapse of time or both would constitute an event of default under this Agreement.

Notwithstanding anything hereinabove to the contrary, the Vendor will not cause the Lease to terminate and exercise its rights under Article XVII hereof unless it shall have given not less than 15 days' prior notice to the Trustee and the Owner of its intention so to do. During such period the Trustee may prepay all but not less than all of the outstanding CSA Indebtedness together with accrued interest.

16.2. Waiver of Defaults. The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Trustee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this Section, time is of the essence of this Agreement and no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. REMEDIES

17.1. Vendor May Take Possession of Equipment. At any time during the continuance of a Declaration of Default and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, the Vendor may take or cause to be taken by its agent or agents immediate possession of the Equipment or one or more of the units thereof without liability to return to the Trustee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Trustee, the Lessee or any other person and for such purpose may enter upon the premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Trustee or the Lessee, subject to all mandatory requirements of due process of law.

17.2. Assembling of Equipment for Vendor. In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points from among those provided in § 11.1(a) of the Lease for the delivery of the Equipment, the Trustee shall at its own expense and risk:

(a) forthwith and in the usual manner (including without limitation giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any unit or units have been interchanged or which may have possession thereof to return the unit or units) place such units upon such storage tracks as the Vendor reasonably may designate;

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

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

During any storage period, the Trustee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and permit the inspection of the

Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and the Trustee acknowledges that upon application to any court of equity having competent jurisdiction the Vendor shall be entitled to a decree requiring specific performance hereof. The Trustee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of Equipment in any commercially reasonable manner.

17.3. Vendor May Dispose of or Retain Equipment. At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as provided in Section 17.1 hereof) may, at its election, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Trustee, the Owner and the Lessee by telegram or registered mail, addressed as provided in Article 21 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Trustee's rights in the Equipment shall thereupon terminate and all payments made by the Trustee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Trustee or the Owner, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid, including penalty interest, and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee; provided, further, that if the Trustee, the Lessee or any other persons notified under the terms of this Section object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by

law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

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

17.5. Sale of Equipment by Vendor. Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Trustee or the Lessee may bid for and become the purchaser of the Equipment or any unit thereof so offered for sale. The Trustee and the Lessee shall be given written notice of such sale not less than

10 days prior thereto, by telegram or registered mail addressed as provided in Article 21 hereof. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee, the Owner and the Trustee to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Trustee or the Lessee (except to the extent of surplus money received as provided in Section 17.7 hereof) and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

17.6. Effect of Remedies and Powers and Exercise Thereof. Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity not inconsistent herewith, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Trustee shall not otherwise alter or affect the Vendor's rights or the Trustee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Trustee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

17.7. Deficiency or Surplus. If there shall remain any amount due to the Vendor under the provisions of this Agreement after applying all sums of money realized by the Vendor under the remedies herein provided, the Trustee shall, subject to the limitations of Section 4.8

hereof and of Article 22 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Penalty Rate and, if the Trustee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Trustee, provided that the satisfaction of any such judgment shall be limited to the Trust Estate. If there shall remain a surplus in the possession of the Vendor after applying as aforesaid all sums realized by the Vendor, such surplus shall be paid forthwith to the Trustee.

17.8. Expenses. Subject to the limitations of Section 4.8 and Article 22 hereof, the Trustee will pay all reasonable fees, costs and expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

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

ARTICLE 18. APPLICABLE STATE LAWS

18.1. Conflict with State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall be ineffective as to such jurisdiction without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Trustee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

18.2. Waiver of Notices. Except as otherwise provided in this Agreement, the Trustee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, including notice of

intention to take possession of or to sell or lease the Equipment or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights and any and all rights of redemption.

ARTICLE 19. FILING

The Trustee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and in all other places required by § 15 of the Lease; and the Trustee will from time to time perform any other act and will execute, acknowledge, deliver and file any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Trustee will promptly furnish to the Vendor certificates or other evidence of such filing satisfactory to the Vendor.

ARTICLE 20. HEADINGS; MODIFICATION OF AGREEMENT

All article and section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement and the Exhibits thereto, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Trustee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Trustee. Any reference herein to this Agreement or any other agreement shall mean such agreement and all amendments and supplements hereto or thereto then in effect.

ARTICLE 21. NOTICES

Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered, telexed or mailed to it by first class mail, postage prepaid, at its chief place of business at the following specified address:

(a) to either Builder at its address specified in Item 1 of Annex A hereto;

(b) to the Trustee, at 130 South La Salle Street, Chicago, Illinois 60603, Attention of Corporate Trust Department, with copies to the Owner at its address set forth in Article 13 of the Participation Agreement;

(c) to the Lessee, at P. O. Box 1219R, Columbia Road and Park Avenue, Morristown, New Jersey 07960, Attention of Assistant Treasurer;

(d) to the Agent, at 135 South La Salle Street, Chicago, Illinois 60690, Attention of Corporate Trust Division;

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

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

ARTICLE 22. IMMUNITIES; SATISFACTION OF UNDERTAKINGS

22.1. No Recourse Against Certain Persons. No recourse shall be had in respect of any contractual obligation due under this Agreement or referred to herein against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or of the Owner, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise; all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators,

stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

22.2. Satisfaction of Certain Covenants. The obligations of the Trustee under Sections 7.1, 17.2, 17.7 and 17.8 and under Articles 6, 9, 10, 11, 13 (except as set forth in Section 13.3 thereof), 14 and 19 hereof and any and all obligations at any time arising thereunder shall be deemed satisfied in full in all respects by the Lessee's execution and delivery of the Lease. The Trustee shall not have any responsibility for the Lessee's failure to perform such obligations; but if the same shall not be performed, they shall constitute the basis for an event of default hereunder pursuant to Article 16 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor; provided, however, that the Vendor shall consent to any agreement in writing between the Lessee and the Trustee increasing the rentals or casualty values payable pursuant to § 3 or § 7 of the Lease, such consent to be given by the Vendor within 30 days of delivery of a copy of such agreement to the Vendor.

22.3. No Personal Liability of Trustee. It is expressly understood and agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants, undertakings and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution 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 institution or the Owner on account of this CSA or on account of any representation, warranty, covenant, undertaking or agreement herein of the Trustee (except, in the case of the Trustee only, as provided in Section 13.3 hereof or in the case of gross negligence or willful misconduct of the Trustee), either expressed or implied, all such personal liability, if

any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor making claim hereunder may look to said Trust Estate for satisfaction of the same. Nothing contained in this Section 22.3 shall limit, restrict or impair the rights of the Vendor to take all actions to enforce the rights and remedies provided for herein and to bring suit and obtain a judgment against the Trustee (provided that the Trustee either in its fiduciary or individual capacity shall have no personal liability on any such judgment and the satisfaction thereof shall be limited to the Trust Estate) or to foreclose the lien and security interest created by this Agreement or otherwise realize upon the Trust Estate, including the right to proceed against the Equipment or the Lessee under the Lease.

22.4. No Amendment to Trust Agreement. The Trustee agrees not to enter into any supplement or amendment of the Trust Agreement except as provided in Section 8.01 thereof as in effect on the date of execution and delivery hereof.

ARTICLE 23. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with 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, if any, arising out of the filing hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof may be filed or in which any unit of Equipment shall be located and such rights, if any, arising out of the marking of Equipment.

ARTICLE 24. EXECUTION

This Agreement may be executed in any number of counterparts, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by both the Vendee and either Builder so long as each such party has executed and delivered to the other one counterpart hereof. Each

Builder shall be bound hereunder notwithstanding the failure of the other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

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

RICHMOND TANK CAR COMPANY,

[Corporate Seal]

by

_____
Vice President

Attest:

_____
Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

[Corporate Seal]

by

Senior Vice President

Attest:

Assistant Secretary

EXCHANGE NATIONAL BANK OF CHICAGO, not in its individual capacity but solely as trustee under the aforesaid Trust Agreement,

[Seal]

by

_____
Authorized Officer

Attest:

_____
Authorized Officer

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

On this day of 1981, before me personally appeared ,
to me personally known, who, being by me duly sworn, says that he is a Vice President of RICHMOND TANK CAR COMPANY, a Delaware 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 25th day of September 1981, before me personally appeared George C. Yates ,
to me personally known, who, being by me duly sworn, says that he is a Senior Vice President of GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York 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.

Sharon A. Bupch
Notary Public

[Notarial Seal]

My Commission expires

My Commission Expires Nov. 14, 1981

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

ALLOCATION SCHEDULE OF EACH $1,000,000 OF CSA INDEBTEDNESS PAYABLE IN (i) ONE PAYMENT OF INTEREST ONLY ON JANUARY 1, 1982, AND (ii) 30 SEMIANNUAL INSTALLMENTS OF PRINCIPAL AND INTEREST COMMENCING JULY 1, 1982

Installment No.	Total Payment	Interest Payment	Principal Recovery	Remaining Ending Principal
1/1/81	$ *	$ *	$ -0-	$1,000,000.00
1	91,360.02	78,750.00	12,610.02	987,389.98
2	91,360.02	77,756.96	13,603.06	973,786.92
3	91,360.02	76,685.72	14,674.30	959,112.62
4	91,360.02	75,530.12	15,829.90	943,282.72
5	91,360.02	74,283.52	17,076.50	926,206.22
6	91,360.02	72,938.74	18,421.28	907,784.94
7	91,360.02	71,488.06	19,871.96	889,912.98
8	91,360.02	69,923.15	21,436.87	866,476.11
9	91,360.02	68,234.99	23,125.03	843,351.08
10	91,360.02	66,413.90	24,946.12	818,404.96
11	91,360.02	64,449.39	26,910.63	791,494.33
12	91,360.02	62,330.18	29,029.84	762,464.49
13	91,360.02	60,044.08	31,315.94	731,148.55
14	91,360.02	57,577.95	33,782.07	697,366.48
15	91,360.02	54,917.61	36,442.41	660,924.07
16	91,360.02	52,047.77	39,312.25	621,611.82
17	91,360.02	48,951.93	42,408.09	579,203.73
18	91,360.02	45,612.30	45,747.72	533,456.01
19	91,360.02	42,009.66	49,350.36	484,105.65
20	91,360.02	38,123.32	53,236.70	430,868.95
21	91,360.02	33,930.93	57,429.09	373,439.86
22	42,766.81	29,408.39	13,358.42	360,081.44
23	28,356.41	28,356.41	-0-	360,081.44
24	57,842.06	28,356.41	29,485.65	330,595.79
25	55,893.17	26,034.42	29,858.75	300,737.04
26	57,939.02	23,683.04	34,255.98	266,481.06
27	57,239.46	20,985.38	36,254.08	230,226.98
28	85,158.60	18,130.37	67,028.23	163,198.75
29	91,360.02	12,851.90	78,502.12	84,690.63
30	91,360.02	6,669.39	84,690.63	-0-
	$2,486,475.99	$1,486,475.99	$1,000,000.00	

* Interest only on the CSA Indebtedness accrued to this date shall be payable pursuant to Article 4 hereof.

ANNEX A
TO
CONDITIONAL SALE AGREEMENT

Information Relating to Building of Equipment

Item 1: (a) Richmond Tank Car Company
1700 West Loop South, Suite 1500
Houston, Texas 77027.

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

Item 2: The Equipment shall be settled for in two groups unless the parties hereto shall otherwise agree.

Item 3(a): Richmond Tank Car Company Warranty. Such Builder warrants that the Equipment built by it to be delivered hereunder (unless manufactured by another party designated or approved by the Lessee) will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (this "Agreement") and warrants that its Equipment will be free from defects in material or workmanship, under normal use and service. This warranty shall apply only to defects in material or workmanship appearing within one year from the date of shipment by such Builder. Such Builder shall be the sole judge of defects in material or workmanship.

If inspections made by such Builder reveal, in the opinion of such Builder, that any unit of the Equipment covered by the above warranty does not meet the above warranty, such Builder shall thereupon correct such defect (including nonconformance with the requirements, specifications and standards set forth in Article 2 of this Agreement), either (at its sole option) by repairing such defective part or parts of any unit of the Equipment, provided that the Lessee notifies such Builder in writing promptly after discovery of such defect, and at the expense of the Lessee makes such defective unit or units of the Equipment promptly available at such

Builder's plant for any repair, or by making available at such Builder's plant necessary repaired or replacement parts. All costs of inspection shall be at the expense of the Lessee. The liability of such Builder under this warranty (except as to title), or for any loss or damage to the Lessee whether the claim is based on contract or negligence, shall not in any case exceed the costs of correcting defects in the units of Equipment as herein provided and upon the expiration of the warranty period all such liability shall terminate. Except for the obligations and liabilities of such Builder under Articles 2, 3, 4 and 14 of this Agreement, the foregoing shall constitute the exclusive remedy of the Trustee and/or the Lessee and exclusive liability of such Builder. Such Builder shall not be liable for, and the Lessee agrees to assume, protect, indemnify and hold such Builder free and harmless for any loss or damage to any party that may arise through the use by the Lessee of any of the units of Equipment.

EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF SUCH BUILDER UNDER ARTICLES 2, 3, 4 and 14 OF THIS AGREEMENT, THE FOREGOING WARRANTY OF SUCH BUILDER IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL, IMPLIED OR STATUTORY (EXCEPT AS TO TITLE): NO WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR PURPOSE SHALL APPLY. With respect to products used in the Equipment built by it but manufactured by manufacturers other than such Builder, any warranty provided such builder shall be passed on to the Trustee and the Lessee to the extent allowed under such warranties. The Trustee and the Lessee agree to look only to such other manufacturers for warranties on such products, and such Builder agrees to provide reasonable assistance to the Trustee and the Lessee in obtaining satisfaction thereunder.

This warranty shall not apply and shall be void under the following conditions: (a) if any part of the units of the Equipment has been altered without such Builder's written authorization, unless the Lessee can show that the alterations were not a cause of the defect; (b) if attachments, devices, power sources, oils or greases unsuitable to the

Equipment have been in use in connection with the Equipment, unless the use of such items had been recommended by such Builder; and (c) if the Equipment is used, handled or serviced contrary to such Builder's instructions.

Such Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee of any of its rights under this Item 3(a).

Item 3(b): General American Transportation Corporation Warranty. The Builder warrants that the Equipment built by it will be built in accordance with the Specifications and the standards and requirements set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants that its Equipment will be free from defects in material (except as to specialties incorporated therein and workmanship with respect thereto specified by the Lessee and not manufactured by such Builder) and workmanship under normal use and service. Such Builder's liability under this Item 3(b) is limited to repair or replacement at its plant of any part or parts of any unit of its Equipment which shall, within one year after the delivery of such unit of Equipment to the Trustee (or, in the case of patent defects, within 10 days after delivery), be returned to such Builder with transportation charges prepaid and which examination by such Builder shall disclose to its satisfaction to have been thus defective. Any unit of such Builder's Equipment repaired, replaced or altered outside of such Builder's plant, the repair, replacement or alteration of which in such Builder's judgment has adversely affected in any way the strength and performance of such unit of Equipment, is removed from this warranty. In no event shall such Builder be liable to anyone for any incidental, special or consequential damages of any kind. THE FOREGOING WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, and such Builder neither

assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of its Equipment, except for the patent indemnification included in Item 4 hereof and as aforesaid.

Such Builder further agrees with the Trustee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of its Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3(b).

Item 4: Each Builder's Patent Indemnity. Each Builder shall defend any suit or proceedings brought against the Trustee or the Lessee based on a claim that its Equipment or any part thereof furnished hereunder (other than any part of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder or any article or material specified by the Lessee and not manufactured by such Builder) constitutes an infringement of any United States patent, if notified promptly in writing and given authority, information and assistance (at the expense of such Builder) for the defense of same, and such Builder shall pay all damages and costs awarded therein against the Trustee or the Lessee. In case the Equipment or any part thereof is in such suit held to constitute infringement and the use of said Equipment or parts is enjoined, such Builder shall, at its own expense, and at its option, either procure for the Trustee and the Lessee the right to continue using said Equipment or parts, or replace same with noninfringing equipment or modify it so it becomes noninfringing, or refund the purchase price. Each Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by such Builder for use in or about the construction or operation of

any of the Equipment, on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner. The foregoing states the entire liability of each Builder for patent infringement by the Equipment or any part thereof.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is 3,025,000.

ANNEX B
TO
CONDITIONAL SALE AGREEMENT

Units of Railroad Equipment

Builder	Type	AAR Mechanical Designation	Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Unit Base Price*	Total Base Price*	Estimated Time and Place of Delivery
Richmond Tank Car Company	23,700 gallon acid pressure tank cars	112-S-400W	Houston, Texas	23	ACTX 423000-423022	$76,087	$1,750,000	Sept. 1981, at Geismar, La
General American Transportation Corporation	20,000 gallon coal tar products tank cars	111-A-100W-2	Sharon, Pa.	17	ACTX 420112-420128	$58,824	$1,000,000	Sept.-Oct., 1981, at Detroit, Michigan
							$2,750,000	

* Includes prepaid freight payable to the Builder and engineering and inspection charges payable to the Lessee.

Annex C to the
Conditional Sale Agreement

[CS&M Ref. 5562-004]

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1981

Between

ALLIED CORPORATION,
Lessee,

and

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity, but solely as trustee under
a Trust Agreement dated as of the date hereof with
Litton Equity Investments, Inc.,

Owner-Trustee,
as Lessor

[Covering 40 tank cars]

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of LA SALLE NATIONAL BANK, as Agent for one or more institutional investors. The original of this Lease is held by said Agent.

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1981, between ALLIED CORPORATION, a New York corporation ("Lessee"), and EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, acting not in its individual capacity but solely as trustee (together with its successors and assigns, "Owner-Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with Litton Equity Investments, Inc. ("Owner").

The Owner-Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Richmond Tank Car Company, a Delaware corporation, and General American Transportation Corporation, a New York corporation (hereinafter individually called a "Builder" and collectively called the "Builders"), wherein the Builders have agreed to sell and deliver to the Owner-Trustee the units of railroad equipment described in Schedule A hereto ("Equipment").

Each Builder is assigning its interests in the CSA to La Salle National Bank, acting as agent for one or more investors (said bank, as so acting, together with its successors and assigns, "Vendor") under a Participation Agreement dated as of the date hereof ("Participation Agreement") with the Lessee, the Owner-Trustee, the Owner, Modern Woodmen of America (together with its successors and assigns, the "Investors").

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

The Owner-Trustee will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") dated as of the date hereof, and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement ("Consent") dated as of the date hereof.

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

§ 1. NET LEASE

1.1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to any abatement of rent or of other amounts due hereunder, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or the Owner under this Lease or under the CSA, including the Lessee's rights by subrogation thereunder against a Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee 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 of Equipment 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 or approval of this Lease, any present or future insolvency of or the 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.

1.2. Recovery From Owner. 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 Owner-Trustee, the Owner or the Vendor for any reason whatsoever, except that if the Lessee is required to make rental payments pursuant to

§ 3.5 as a result of the default by the Owner in performance of its obligation there specified, it shall be entitled to recover the amount thereof from the Owner without reduction or set off against any other payments due the Owner-Trustee hereunder.

§ 2. DELIVERY AND ACCEPTANCE OF UNITS

The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to Section 3.4 of the CSA. Each delivery of a Unit to the Owner-Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect same, and if such Unit is found to be acceptable, to accept delivery of such unit on behalf of the Owner-Trustee under the CSA and itself hereunder and execute and deliver to the Owner-Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Section 3.4 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Owner-Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee hereby represents and warrants to the Owner-Trustee that no Unit shall be put into service by the Lessee or any person under the control of or with the consent of the Lessee earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to Section 4.1 thereof shall be null and void and ineffective to subject such Unit to this Lease.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments, payable in advance on January 1 and July 1 each year, commencing July 1, 1982. The 30 semiannual rental payments shall each be in an amount equal to 6.604325% of the Purchase Price of each Unit subject to this Lease on the date of such payment.

The foregoing rentals and the Casualty Values and the Termination Values set forth in Schedule B hereto, have been calculated on the assumptions that (i) the amount of interest payable under clause (b) of the third paragraph of Section 9.1 of the Participation Agreement will be 4.301197% of the aggregate Purchase Price of the Units, (ii) the debt-equity ratio will be 72.289% to 27.711% of such aggregate Purchase Price and (iii) no change shall have occurred after August 31, 1981, and prior to January 1, 1982, in any applicable law, rule, regulation or order or in the interpretation of any thereof by any court or regulatory authority, which would affect the economics of the transactions contemplated by the Lease to the Owner by changing the Owner's anticipated net after-tax return on and rate of recovery of investment and periodic net cash flows. If for any reason any of the above assumptions shall not be true and accurate, the Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Values and Termination Values set forth in Schedule B hereto will be adjusted, if necessary, in order that the Owner's net after-tax return on and rate of recovery of investment and periodic net cash flows will not be increased or decreased by reason thereof. The amount of any such adjustment will be determined by the Owner, which determination shall be conclusive and binding on the Lessee if the Owner shall certify in writing to the Lessee that such adjustment was determined in good-faith compliance with the immediately preceding sentence. The Lessor and the Lessee agree to execute an amendment to this Lease to reflect each such adjustment; provided that such adjustment shall be effective for all purposes of this Lease regardless of whether such amendment is actually executed and delivered.

In addition to the foregoing rentals, the Lessee agrees to pay to the Owner-Trustee as additional rentals amounts equal to the amounts required by the Owner-Trustee to make the payments provided for in the penultimate sentence of Section 2.5 and in clause (a) of the last paragraph of Section 9.1 of the Participation Agreement on the dates required for such payments, and the Owner-Trustee agrees to apply such rentals for such purposes.

In no event shall the aggregate of the foregoing rentals be less than the amounts required to enable the Owner-Trustee to satisfy its obligations to pay when due the CSA Indebtedness and interest thereon.

3.2. Payment on Nonbusiness Day. If any of

the semiannual rental payment dates provided herein is not a business day (as such term is defined in the CSA) the rental payment otherwise payable on such date shall then be payable on the next succeeding business day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding business day.

3.3. Instructions To Pay Vendor and Owner-Trustee. Until the Vendor notifies the Lessee that the CSA is no longer in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease (other than Excluded Payments as defined in the Lease Assignment) to the Vendor, for the account of the Owner-Trustee, in care of the Vendor. The Owner-Trustee has instructed the Vendor (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Owner-Trustee or to the order of the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing. The Lessee shall have no responsibility with respect to the application by the Vendor of payments made by it in accordance with the first sentence of this paragraph.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for in § 3.1 hereof in immediately available funds at or prior to 11:00 a.m., Chicago, Illinois, time, at the office of the Vendor on the date due, or, if the CSA shall no longer be in effect, at the office of the Owner-Trustee.

3.5. Other Payments. Pursuant to Section 16.1 of the Participation Agreement, the Owner has agreed to provide the Owner-Trustee with funds sufficient to permit the Owner-Trustee to pay the interest payment specified in clause (b) of the third paragraph of Section 9.1 of the Participation Agreement. If the Owner-Trustee or the Agent notifies the Lessee that any such payment has not been made when due, the Lessee will immediately pay the amount thereof as additional rental hereunder and shall have the right to recover the amount thereof from the Owner, but without in any way affecting or reducing its obligation to the Owner-Trustee (or the Agent, as assignee of the Owner-Trustee) under this Lease.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7 and 10 hereof, shall terminate on the date which is six months after 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 §§ 3, 6, 7, 9, 13 and 15 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights and obligations of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term; 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 identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying 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 in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION. OWNED BY LA SALLE NATIONAL BANK AS AGENT OR ITS SUCCESSORS OR ASSIGNS.", or other appropriate words designated by the Vendor or the Owner-Trustee, with appropriate changes thereof and additions thereto as from time to time may be designated by the Owner-Trustee or the Vendor as required by law or reasonably requested in order to protect the Owner-Trustee's and the Vendor's title to and interest in

such Unit and the rights of the Owner-Trustee under this Lease and of the Vendor under the CSA. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying 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 Owner-Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Owner-Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Owner-Trustee's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Owner-Trustee in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or any of its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment under this Lease, and the Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

The Lessee may make any change in the lettering of the names, trademarks, initials or other insignias at any time and as often as it deems it appropriate to do so. At the expiration of the Lease or any extension hereof, the Owner-Trustee will promptly remove, at the Lessee's sole expense, the Lessee's names, trademarks, initials or other insignias and will not allow the Units to be used or operated without first removing same.

§ 6. TAXES

Whether or not any of the transactions contem-

plated hereby are consummated, the Lessee shall pay, and shall indemnify, protect, save and keep harmless the Owner-Trustee (in both its individual and fiduciary capacities), the Owner, the Vendor, the Investors and the estate held in trust by the Owner-Trustee under the Trust Agreement (referred to collectively, together with their respective agents, servants, successors and assigns, as "Indemnified Persons" and individually as "Indemnified Person") from and against, any and all fees, taxes (including, without limitation, income, franchise, excise, sales, use, occupational, capital, value-added, property and stamp taxes and taxes imposed in respect of items of tax preference), levies, assessments, imposts, duties, charges or withholdings of any nature whatsoever, together with any penalties, fines or interest thereon (all of the foregoing being herein collectively called "Taxes") imposed against such Indemnified Person, the Lessee or the Equipment or any part thereof by any Federal, state or local government or taxing authority or by any foreign government, foreign governmental subdivision or other foreign taxing authority (i) upon or with respect to the Units or any part thereof or any interest in any thereof, or (ii) upon or with respect to the manufacture, acquisition, construction, installation, purchase, delivery, ownership, lease, sublease, possession, rental, use, operation, transportation, return, sale, replacement, storage or disposition of the Units or any part thereof, or (iii) upon or with respect to the rentals, receipts, earnings or gains arising from the Units or any part thereof or the income or proceeds with respect to the Units, including, without limitation, principal, interest and other amounts payable on the CSA Indebtedness, or (iv) upon or with respect to this Lease or any other Documents (as defined in the recitals to the Participation Agreement) including the performance of any of the transactions contemplated hereby or thereby, or the issuance, acquisition or transfer of the CSA Indebtedness or the establishment of the Trust or the beneficial interest of the Owner therein, excluding, however: (1) Taxes which are based on, or measured by, the net income of any Indemnified Person to the extent imposed by the United States of America; (2) Taxes which are based on, or measured by, the net income of any Indemnified Person to the extent imposed by the state, city or municipality in which the principal office of such Indemnified Person is located or by any political subdivision of such state, city or municipality; (3) Taxes which are based on, or measured by, the net income of any Indemnified Person to the extent imposed by a state, city or municipality in which such Indemnified Person is subject to such net income taxes for reasons other than the ownership or leasing of property located in such jurisdiction; (4) Taxes imposed on or for the account of any Indemnified Person that result

from the gross negligence or wilful misconduct of such Indemnified Person; (5) Taxes which are imposed with respect to any period, or with respect to any act, occurring after the termination of this Lease and the return of the Units to the Lessor in accordance with § 14 of this Lease (unless such termination shall have occurred as a result of this Lease having been declared in default pursuant to § 10 hereof); (6) Taxes for which Lessee is obligated to indemnify the Owner pursuant to the Indemnity Agreement; and (7) Taxes imposed by any foreign government or taxing authority or governmental subdivision of a foreign country to the extent utilized by an Indemnified Person as a credit against United States Federal income taxes otherwise payable by such Indemnified Person, assuming for this purpose that such Indemnified Person, utilizes (A) first, all foreign taxes (including foreign taxes which are carried over to the taxable year for which a determination is being made) other than those described in the succeeding clause (B), and (B) then, on a pro rata basis, all foreign taxes (including foreign taxes which are carried over to the taxable year for which a determination is being made) with respect to which such Indemnified Person is entitled to obtain indemnification pursuant to an indemnification provision contained in any lease or participation or other tax indemnity agreement relating to a lease (including this Agreement); provided, however, that if the utilization by such Indemnified Person of foreign taxes otherwise payable by the Lessee as a credit against such Indemnified Person's United States Federal income taxes later results in the expiration of any foreign tax credit carryovers or carrybacks of such Indemnified Person that would not otherwise have expired, then the amount of such carryovers or carrybacks shall be treated as Taxes to which this § 6 shall apply, provided, further, however, that all determinations as to the utilization of Taxes as credit and as to whether Taxes are to be excluded from the Lessee's indemnity contained in this § 6 pursuant to this clause (7) shall be made by such Indemnified Person, which determinations shall be conclusive and binding on the Lessee if such Indemnified Person shall certify in writing to the Lessee that such determinations were made in good faith compliance with the provisions in this clause (7); provided, further, however, that none of such exclusions shall apply to Taxes imposed on the trust established by the Trust Agreement, the Trust Estate (as defined in the Trust Agreement) or the Owner-Trustee in its capacity as Lessor; provided, further, however, that the Lessee agrees to pay any such Taxes referred to in the foregoing clauses (1) through (7) which are in substitution for or relieve the Lessee from any Taxes or indemnity therefor which the Lessee would otherwise be obligated to pay under the terms of this § 6.

With respect to any payment or indemnity under this § 6, such payment or indemnity shall include any amount necessary to hold any Indemnified Person receiving such payment harmless on a net after-tax basis (taking into account any tax benefit or detriment realized by such Indemnified Person as a result of such payment) from all taxes required to be paid by such Indemnified Person with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority in the United States of America or any foreign government, foreign governmental subdivision or other foreign taxing authority. In case any report or return is required to be filed with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, the Lessee will either make such report or return in such manner as will show the ownership of the Units in the Lessor or will notify the Lessor of such requirement and make such report or return in such manner as shall be satisfactory to the Lessor.

Upon the commencement of any proceeding (including the written claim or written threat of any proceeding) against an Indemnified Person involving one or more Taxes, such Indemnified Person shall promptly, upon receiving written notice thereof, give notice of such commencement to the Lessee. The failure by such Indemnified Person so to notify the Lessee shall not relieve the Lessee of any liability that it may have to such Indemnified Person hereunder, but any payment by the Lessee to an Indemnified Person pursuant to this § 6 shall not be deemed to constitute a waiver of any right or remedy which the Lessee may have against such Indemnified Person as a result of the failure by such Indemnified Person to give the Lessee notice of a proceeding as provided in the first sentence of this paragraph; provided, however, that the Lessee shall have no such right or remedy unless such failure of such Indemnified Person to give notice of such proceedings caused the Lessee to be unable to contest the Taxes indemnified against. The Lessee shall be entitled (a) in any proceeding that involves solely a claim for one or more Taxes, to assume responsibility for and control thereof, (b) in any proceeding involving a claim for one or more Taxes and other claims related or unrelated to the transactions contemplated by the Documents, to assume responsibility for and control of such claim for a Tax to the extent that the same may be and is severed from such other claims (and such Indemnified Person shall use reasonable efforts to obtain such severance unless, in the opinion of counsel for such Indemnified Person, such severance and assumption of responsibility and control by the Lessee has a reasonable possibility of adversely affecting the resolution of such other

claims) or (c) in any other case, to be consulted by such Indemnified Person with respect to proceedings subject to the control of such Indemnified Person. Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to assume the responsibility for and control of any such judicial proceedings if (1) the Taxes involved are less than $25,000 in the aggregate, (2) an Event of Default (as defined in § 10 hereof) or any event which with the lapse of time or the giving of notice or both would become such an Event of Default ("Default") shall have occurred and be continuing, (3) such proceedings will involve any reasonable danger of the sale, forfeiture or loss of the Units or any part thereof, or (4) such Tax relates in any way to the business of any Indemnified Person other than the ownership and leasing of the Units, (5) the claims, in the opinion of independent counsel for such Indemnified Person reasonably satisfactory to the Lessee, have reasonable possibility of otherwise compromising or jeopardizing any substantial interests of such Indemnified Person, or (6) the Lessee shall not have furnished such Indemnified Person with an opinion of independent counsel reasonably satisfactory to such Indemnified Person to the effect that there exists a meritorious basis for contesting that Tax. Such Indemnified Person may participate at its own expense in any proceeding controlled by the Lessee pursuant to the preceding provisions.

The Indemnified Person shall supply the Lessee with such information requested by the Lessee as in the reasonable opinion of counsel to such Indemnified Person is necessary or advisable for the Lessee to control or participate in any proceeding to the extent permitted by this § 6. Unless the Lessee is excluded from control of a proceeding involving an Indemnified Person pursuant to the preceding paragraph or a Default or Event of Default has occurred and is continuing, such Indemnified Person shall not enter into a settlement or other compromise with respect to any Tax without prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless such Indemnified Person waives its right to be indemnified with respect to such Tax under this § 6.

If an Indemnified Person shall obtain a repayment of any Tax paid by the Lessee pursuant to this § 6, such Indemnified Person shall promptly pay to the Lessee the amount of such repayment, together with any interest (other than interest for the period, if any, after such Tax was paid by such Indemnified Person until such Tax was paid or reimbursed by the Lessee) received by such Indemnified Person on account of such repayment.

The provisions of this § 6 shall survive the expiration or termination of this Lease and the other Documents.

§ 7. PAYMENT FOR CASUALTY OCCURRENCES, INSURANCE

7.1. Definition of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government ("Government") for a period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, or until such Unit shall have been returned in the manner provided in § 11 or 13 hereof, the Lessee shall within ten days after it shall have reasonably determined that such Unit has suffered a Casualty Occurrence notify the Owner-Trustee and the Vendor with respect thereto specifying the date, cause and extent of such Casualty Occurrence. On the semiannual rental payment date next succeeding the delivery of such notice (or, in the event the term of this Lease has already expired or will expire within 10 days after delivery of such notice, on a date within 10 days of such delivery), the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the next sentence) of such Unit as of the date of such payment in accordance with the schedule referred to hereafter. The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, 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 Owner-Trustee shall be entitled to recover possession of such Unit at its own expense.

If the date upon which the making of such payment by the Lessee in respect of any Unit as required as afore-

said shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term but the Lessee, in addition to paying the Casualty Value for such Unit shall pay interest thereon from the end of such term to the date of such payment at the rate of 15-3/4% per annum. However, if the Casualty Occurrence occurs after this Lease has expired, the Lessee shall pay interest thereon at the rate of 15-3/4% per annum commencing 10 days after such Casualty Occurrence to the date of such payment.

7.2. Lessee Agent for Disposal. The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable by the Lessee upon exercise of reasonable efforts on an "as is, where is" basis and will pay the Lessee's reasonable expenses for such disposal. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder, the Lessee shall be entitled to the proceeds of such disposition to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

7.3. Requisition by United States Government. In the event of the requisition for use by the Government of any Unit for a period which does not exceed the term of this Lease, all the obligations of the Lessee under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Owner-Trustee or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default or Default shall have occurred and be continuing.

7.4. No Release. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder until expiration of this Lease and Lessee's obligations under §§ 11 and 13 hereof.

7.5. Insurance. The Lessee shall, at all times prior to the return of the Equipment to the Owner-Trustee, at its own expense, cause to be carried and maintained

public liability insurance and all risk property damage insurance in respect of the Units, naming the Owner-Trustee, the Owner and the Vendor as additional named insureds and, in the case of property damage insurance, as loss payees, as their interests may appear, at least in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it; provided, however, that, subject to availability, the amount of such public liability coverage shall not, at any time, be less than $20 million per occurrence. In no event shall the coverage of the all risk property damage insurance with respect to any Unit at any time be less than the applicable Casualty Value for such Unit.

The Lessee shall obtain from each insurer under the paragraph immediately above an agreement, by endorsement or separate instrument, that such insurer will give the Owner-Trustee, the Owner and the Vendor 30 days' written notice before such insurer's policy shall be materially altered or canceled or not renewed. On or before April 30 of each year, the Lessee shall deliver to the Owner-Trustee, the Owner and the Vendor a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy. Any policies of insurance carried in accordance with this paragraph shall in addition waive any right to claim premiums or commissions against the Owner, the Owner-Trustee and the Vendor and such policies shall provide that in respect of the interests of the Owner-Trustee, 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 Owner-Trustee, the Owner and the Vendor, respectively) and shall insure the Owner-Trustee, 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 Owner-Trustee, the Owner or the Vendor, respectively).

7.6. Insurance Proceeds and Condemnation Payments. If the Owner-Trustee shall receive (directly or from the Vendor) any insurance proceeds from a policy or policies obtained by the Lessee or condemnation payments in respect of such Units suffering a Casualty Occurrence, the Owner-Trustee shall pay forthwith such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to any Unit theretofore paid by the Lessee and any balance of such proceeds or

condemnation payments shall remain the property of the Owner-Trustee; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Owner-Trustee.

7.7. Economic Obsolescence. During the original term of this Lease, in the event that the Lessee shall, in its reasonable judgment, determine that all the Units in any Group (as hereinafter defined) remaining under this Lease have become economically obsolete or surplus to the Lessee's and its subsidiaries' requirements in the Lessee's and its subsidiaries' business and an officer of the Lessee shall have provided a certificate to such effect to the Owner-Trustee and the Agent, the Lessee shall have the right, at its option and on at least 120 days' prior written notice to the Owner-Trustee, to terminate (which act shall hereinafter be called the "Termination") this Lease as to not less than all such Units in such Group as of any succeeding rental payment date specified in such notice occurring more than 120 days thereafter (such termination date so specified being hereinafter called the "Termination Date"); provided, however, that (i) the Termination Date shall not be earlier than the 20th semiannual rental payment date, (ii) no Event of Default or Default shall have occurred and be continuing on such date and (iii) on the Termination Date all such Units in such Group shall be in the condition required for redelivery pursuant to § 14 hereof. For this purpose, the term "Group" shall mean all Units with the same AAR Mechanical Designation subject to this Lease at the Termination Date.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of each such Unit, and the Lessee shall at least five business days prior to such Termination Date certify to the Owner-Trustee the amount of each such bid and the name and address of the party (which shall not be a corporation, other entity or individual affiliated with the Lessee or any party for whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date the Owner-Trustee shall sell each such Unit for cash to the bidder who shall have submitted the highest bid prior to the Termination Date. The total sale price realized at each such sale shall be retained by the Owner-Trustee.

On such Termination Date, the Lessee shall pay to the Owner-Trustee with respect to each such Unit an amount equal to (i) the excess, if any, of the Termination Value (as hereinafter defined) for each such Unit computed as of such date over the sale price of any such Unit so sold after the deduction of all expenses incurred by the Owner-Trustee in connection with such sale and (ii) the rental payment with respect to each such Unit due on such Termination Date. The Termination Value of each such Unit as of the Termination Date on which payment is to be made shall be equal to the Casualty Value as of such date. In no event shall the aggregate amount of sale proceeds retained by the Owner-Trustee and payments of rental and Termination Value received by the Owner-Trustee as aforesaid be less than the "Termination Value" (as defined in Section 7.4 of the CSA) with respect to such Units as of such Termination Date.

If no sale of the Units shall occur on the Termination Date with respect thereto as provided above, this Lease shall continue in full force and effect without change.

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

If the Lessee shall exercise its option to effect a Termination, the Owner-Trustee may, notwithstanding such election by the Lessee, by written notice to the Lessee, the Agent and the Investors given within 60 days after the termination notice is given to the Owner-Trustee and upon satisfaction and discharge of the Owner-Trustee's obligations under the CSA with respect to any such Unit on the Termination Date, elect to retain such Unit. In the event

the Owner-Trustee shall so elect to retain such Unit and delivers to the Lessee evidence of the satisfaction and discharge of the Owner-Trustee's obligations under the CSA with respect to such Unit, the Lessee shall not be obligated to pay the Termination Value to the Owner-Trustee and the Lessee shall deliver such Unit to the Owner-Trustee in accordance with the provisions of § 14 hereof.

§ 8. REPORTS

On or before April 30 in each year, commencing with April 30, 1982, the Lessee will furnish to the Owner-Trustee, 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 (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the CSA have been preserved or replaced and (c) providing such data with respect to the use of the Units and any other information that is reasonably required in order to determine the amount of any income, gain or loss attributable to this Lease. The Owner-Trustee shall, at its sole cost and expense, have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request as may be reasonably necessary to confirm to the Owner-Trustee the existence of proper maintenance of the Units during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; MAINTENANCE; INDEMNIFICATION

9.1. Disclaimer of Warranties. NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE

WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR USE OR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against any Builder or any other person, including, but not limited to, any claims and rights arising under the provisions of the CSA. The Owner-Trustee and the Owner shall not have any responsibility or liability to the Lessee or any other person or entity 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 circumstance 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 Owner-Trustee 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 Owner or the Owner-Trustee based on any of the foregoing matters.

9.2. Compliance with Laws and Rules. The Lessee agrees, for the benefit of the Owner-Trustee, the Owner and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American

Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission, the Department of Transport (Canada) and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units ("Applicable Laws"), to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Vendor, adversely affect the property or rights of the Owner-Trustee or the Vendor under this Lease or under the CSA.

9.3. Maintenance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order and repair, ordinary wear and tear excepted. Except for alterations or changes required by law, the Lessee shall not, without the prior written approval of the Owner-Trustee, effect any permanent structural change in the design, construction or body of the Units or appurtenances thereto which will materially change the use for which the Equipment is intended.

9.4. Additions and Accessions. The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation, the Department of Transport (Canada) or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called Additions) to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units in accordance with their original conventional purpose and shall not diminish the value, utility or condition of the Units

below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee and the Vendor as their respective interests may appear in the Unit itself in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such replaced or substituted Part, (ii) such Part is required to be incorporated in or installed as part of the Unit pursuant to the terms of § 9.2 or § 9.3 hereof, or (iii) notwithstanding the provisions of the first paragraph of this § 9.4, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

9.5. Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Lessee assumes liability for, and shall indemnify, protect, save and keep harmless each Indemnified Person (as defined in § 6 hereof) from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including legal fees and expenses, of whatsoever kind and nature (herein collectively called "Indemnified Matters") imposed on, incurred by or asserted against any Indemnified Person in any way relating to or arising out of (i) the manufacture, acquisition, construction, installation, purchase, delivery, ownership, lease, sublease,

possession, rental, use, condition, operation, transportation, return, sale, replacement, storage or disposition of the Units or any part thereof (including, without limitation, Indemnified Matters in any way relating to or arising out of latent or other defects, whether or not discoverable by the Lessee or any other person, injury to persons or property, patent, trademark or invention rights, or strict liability in tort), or (ii) this Lease or any of the other Documents or any of the transactions contemplated hereby or thereby, or any other document or instrument hereafter executed and delivered pursuant to the terms hereof or thereof, or the enforcement of any of the terms of this Lease or any of the other Documents, or (iii) the enforcement of any agreement, restriction or legal requirement affecting the Units or any part thereof or the ownership, operation or use of the Units or any part thereof, or (iv) the execution and delivery of the CSA Indebtedness; provided, however, that the Lessee shall not be required to indemnify any Indemnified Person for (A) Indemnified Matters resulting from the gross negligence or wilful misconduct of such Indemnified Person, or (B) Indemnified Matters in respect of the Units which arise from acts or events that occur after the termination of this Lease and the return of the Units to the Lessor in accordance with § 14 hereof (unless such termination shall have occurred as a result of this Lease having been declared in default pursuant to § 10 hereof), or (C) Indemnified Matters resulting from any violation by such Indemnified Person of Section 5 of the Securities Act of 1933, as amended (or any comparable successor thereto), arising out of any transfer, after the date of this Lease of any of the CSA Indebtedness or of the Owner's equity interest not consented to by the Lessee, or (D) Indemnified Matters resulting solely from the breach of any representation, warranty or covenant made by such Indemnified Person herein or in the Participation Agreement, or (E) Indemnified Matters described in § 6 hereof and the Indemnity Agreement except to the extent provided therein, or (F) transaction costs to the extent that the Lessee is not required to pay the same pursuant to Section 12.1 of the Participation Agreement.

The Lessee shall be obligated under this § 9.5 irrespective of whether the Indemnified Person shall also be indemnified with respect to such Indemnified Matters elsewhere under this Lease or under any other Document or by any other person, and the Indemnified Person may proceed directly against the Lessee under this § 9.5 without first resorting to any such other rights of indemnification. With respect to

any payment or indemnity hereunder, such payment or indemnity shall include any amount necessary to hold any Indemnified Person receiving such payment or indemnity harmless on a net after-tax basis and taking into account any tax benefit realized by such Indemnified Person as a result of such payment from all taxes required to be paid by such Indemnified Person with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority in the United States of America.

Upon the commencement of any proceeding (including the written threat or written claim of any proceeding) against an Indemnified Person involving one or more Indemnified Matters, such Indemnified Person shall promptly, upon receiving written notice thereof, give notice of such commencement to the Lessee. The failure by such Indemnified Person so to notify the Lessee shall not relieve the Lessee of any liability that it may have to such Indemnified Person hereunder, but any payment by the Lessee to any Indemnified Person pursuant to this § 9.5 shall not be deemed to constitute a waiver of any right or remedy which the Lessee may have against such Indemnified Person as a result of the failure by such Indemnified Person to give the Lessee notice of a proceeding as provided in the first sentence of this paragraph, provided that the Lessee shall have no such right or remedy unless such failure of such Indemnified Person to give notice of such proceedings caused the Lessee to be unable to contest one or more of such Indemnified Matters. The Lessee shall be entitled (a) in any proceeding that involves solely a claim for one or more Indemnified Matters, to assume responsibility for and control thereof, (b) in any proceeding involving a claim for one or more Indemnified Matters and other claims related or unrelated to the transactions contemplated by the Documents, to assume responsibility for and control of such claim for Indemnified Matters to the extent that the same may be and is severed from such other claims (and such Indemnified Person shall use reasonable efforts to obtain such severance unless, in the opinion of counsel for such Indemnified Person, such severance and assumption of responsibility and control by the Lessee has a reasonable possibility of adversely affecting the resolution of such other claims), or (c) in any other case, to be consulted by such Indemnified Person with respect to proceedings subject to the control of such Indemnified Person. Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to assume responsibility for and control of any such judicial proceedings if (1) the Indemnified Matters involved are less than

$25,000 in the aggregate, (2) a Default or an Event of Default shall have occurred and be continuing, (3) such proceedings will involve any reasonable danger of the sale, forfeiture or loss of the Units or any part thereof, (4) such Indemnified Matters relate in any way to the business of any Indemnified Person other than the ownership and leasing of the Units, (5) the claims, in the opinion of independent counsel for such Indemnified Person reasonably satisfactory to the Lessee, have a reasonable possibility of otherwise compromising or jeopardizing any substantial interests of the Indemnified Person or, (6) the Lessee shall not have furnished the Indemnified Person with an opinion of independent counsel reasonably satisfactory to such Indemnified Person to the effect that there exists a meritorious basis for contesting such Indemnified Matters. The Indemnified Person may participate at its own expense in any proceeding controlled by the Lessee pursuant to the preceding provisions.

The Indemnified Person shall supply the Lessee with such information requested by the Lessee as in the reasonable opinion of counsel to such Indemnified Person is necessary or advisable for the Lessee to control or participate in any proceeding to the extent permitted by this § 9.5. Unless the Lessee is excluded from control of a proceeding involving an Indemnified Person pursuant to the preceding paragraph or Default or an Event of Default has occurred and is continuing, such Indemnified Person shall not enter into a settlement or other compromise with respect to any Indemnified Matter without prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless such Indemnified Person waives its right to be indemnified with respect to such Indemnified Matter.

After the payment in full to an Indemnified Person by the Lessee in respect of any Indemnified Matter pursuant to this § 9.5, if such Indemnified Person shall receive any payments in respect of such Indemnified Matter from any person other than the Lessee, such Indemnified Person shall promptly pay to the Lessee the amount of such payment, together with any interest (other than interest for the period, if any, after such Indemnified Matter was paid by such Indemnified Person until such Indemnified Matter was paid or reimbursed by the Lessee) received by such Indemnified Person on account of such payment.

Nothing in this § 9.5 shall be deemed to constitute a guarantee by the Lessee of the residual value of the Units or of the payment of the CSA Indebtedness.

9.6. Survival. The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation which do not already exist in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

9.7. Payments for Indemnification. All payments hereunder shall be made directly to the Indemnified Person.

9.8. Reports. The Lessee agrees at its expense to prepare and deliver to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Owner of the Units or the leasing thereof to the Lessee.

§ 10. DEFAULT

10.1. Events of Default; Remedies. 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) payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence or Termination pursuant to § 7 hereof shall not be made by the Lessee when such payment is due and such default shall continue for 12 business days;

(b) default shall be made in the observance or performance of any of the conditions and agreements on the part of the Lessee contained in §§ 9.2 and 9.3 hereof, and such default shall continue for 30 days after written notice from the Vendor to the Owner-

Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied; provided, however, that, if at the end of such 30-day grace period the Lessee shall in good faith be diligently proceeding to cure such default, the grace period shall continue until the earlier of (i) the date on which the Lessee shall fail in good faith to diligently proceed to cure such default or (ii) the date on which the Vendor or the Owner-Trustee shall give written notice to the Lessee that the Lessee's delay in effecting the cure materially affects the rights of the Vendor or the Owner-Trustee hereunder; or

(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, in the Participation Agreement or the Consent, and such default shall continue for 30 days after written notice from the Owner-Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(d) 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;

(e) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Consent and the Indemnity Agreement (as defined in the Participation Agreement) shall not have been and shall not continue to be duly assumed in writing within 60 days after such petition shall have been filed, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as

expenses of administration and obligations incurred by such trustee or trustees;

(f) 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, the Consent or the Indemnity Agreement, 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, the Consent and the Indemnity Agreement shall not have been and shall not continue to be 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;

(g) an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder or under its Documents (as defined in the Participation Agreement); or

(h) any of the Lessee's representations or warranties made herein, in the Participation Agreement or in the Consent or any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be breached or found to be false or misleading in any material respect;

then, in any such case, the Owner-Trustee, at its option, may,

(aa) 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

(bb) 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 under this Lease to the extent that this Lease provides that the obligations of the Lessee survive the termination or expiration hereof; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, 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 Owner-Trustee 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 Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) 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 (2) the then present value of the rentals which the Owner-Trustee 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 10% per annum discount, compounded semiannually from the respective dates upon which rentals would

have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; 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 Owner-Trustee reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) and (y) of this part (bb) with respect to such Unit, shall demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee 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 remedies of the Owner and the Owner-Trustee with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

10.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Owner and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of

any offset or claim which may be asserted by the Lessee or on its behalf.

10.3. Failure To Exercise Rights is not Waiver. The failure of the Owner-Trustee 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, and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Owner-Trustee.

10.4. Notice of Event of Default to Owner-Trustee. The Lessee also agrees to furnish the Owner-Trustee, the Owner and the Vendor, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under this Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, 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 official 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

11.1. Return of Units. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the condition required by § 9.3 hereof and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner place such Units upon such storage tracks as shall reasonably be designated by the Owner-Trustee,

(b) cause such units to be stored on such tracks without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee, and

(c) cause the Units to be moved to the nearest interchange point or points as shall be designated by the Owner-Trustee.

The assembling, delivery, storage 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 Owner-Trustee 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 permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. In the event that the Units or any thereof are sold the Lessee shall pay to the Owner-Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

11.2. Owner-Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee 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 Owner-Trustee, 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

12.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Owner-Trustee

without the consent of the Lessee, provided that such assignee is the Vendor or a financial institution with a combined capital and surplus of at least $50,000,000, but the Lessee shall not be under any obligation to any assignee of the Owner-Trustee other than the Vendor except upon written notice of such assignment from the Owner-Trustee and no greater obligations will be imposed on the Lessee on account of such assignment. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7, 9.5 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner (other than indemnities payable to the Owner-Trustee in its individual capacity) and the respective assigns of the Owner and the Owner-Trustee.

12.2. Lessee's Right To Use the Units. (1) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA, subject to the provisions of § 4.2 of this Lease. The Lessee agrees not to use the Units in Canada to the extent that the use of the Units would cause the same to be property which is used predominately outside the United States within the meaning of Section 48(a)(2) of the Internal Revenue Code of 1954 as amended. Any use of the Units in Canada shall be exclusively within the provinces of Ontario and Quebec, but may be extended to other provinces if the Lessee (i) gives notice to the Vendor and the Owner-Trustee of the Lessee's intent to use the Units in locations in Canada outside of the provinces of Ontario and Quebec not less than 30 days prior to the commencement of such use and (ii) prior to such use the Lessee delivers an opinion of counsel to the Vendor and the Owner-Trustee, in form, scope and substance satisfactory to the Vendor and the Owner-Trustee, to the effect that the Lessee has caused all publications, notices and filings to be made as shall be necessary to protect the interest of the Owner-Trustee in the Units in such locations in Canada outside of the provinces of Ontario and Quebec and to protect the security interest of the Vendor in the Units and in the income and proceeds of the Equipment while any Units are in such locations in Canada outside of the provinces of Ontario and Quebec.

(2) The Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them without the prior written consent of the Owner-Trustee

and the Vendor, except as provided in paragraph (3) of this § 12.2; and the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units without the prior written consent of the Owner-Trustee and the Vendor except as provided in said paragraph (3).

(3) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of any railroad or other trackage over which railroad equipment is regularly operated and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through or trip-lease agreements and to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not assign, sublease or use or permit the assignment, sublease or use of any Unit except upon the terms and conditions of this Lease and the CSA, nor shall the Lessee assign or sublease to or permit the sublease or use of the Units by any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code. Any sublease permitted by this paragraph shall be expressly subordinate to the right and remedies of the Vendor under the CSA and the Owner-Trustee under this Lease in respect of the Units covered by such sublease and no such sublease shall relieve the Lessee of any of its obligations hereunder which, notwithstanding any such sublease, shall remain in full force and effect.

12.3. Lessee's Duty To Discharge Encumbrances. The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Owner-Trustee or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may be imposed during the term hereof, during the period the Lessee is obligated to pay rental hereunder or during the period any Unit is in the possession of the Lessee following default, on or with respect to any Unit (including any accession thereto) or the interest of the Owner-Trustee, the Vendor or the Lessee therein; except that this covenant will not be breached by reason of liens, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialman's,

mechanic's, workmen's, repairmen's or other like liens arising in the ordinary course of business in each case not delinquent, and furthermore, the Lessee shall be under no obligation to discharge any such lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the Owner-Trustee or the Vendor advises the Lessee in writing that the failure to discharge the same does not adversely affect the title, property or rights of the Owner-Trustee or the Vendor under the Documents.

12.4. Merger, Acquisition or Consolidation. 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 incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Consent by an appropriate instrument in writing) 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.

12.5. Mileage. During the term of this lease the Lessee shall receive, insofar as applicable law and regulations allow, all mileage allowances, rentals and/or compensation payable by carriers by reason of the use of any unit (hereinafter called "mileage") leased to the Lessee hereunder. It is understood and agreed that if for any reason the Owner-Trustee receives any mileage, then (unless an Event of Default shall have occurred and be continuing) the Owner-Trustee shall promptly remit such mileage to the Lessee.

§ 13. PURCHASE AND RENEWAL OPTIONS

13.1. Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than six months prior to the end of the original term of this Lease, elect to purchase all of the Units in any Group or in both Groups

at a purchase price equal to the lesser of the Fair Market Value thereof or 80% of the Purchase Price thereof. If the Lessee shall deliver such notice, the purchase specified therein shall be consummated on the last day of the original term of this Lease. Upon payment of the purchase price of any Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Unit such as will transfer to the Lessee such title to such Unit as the Owner-Trustee derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Owner-Trustee.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or prior to 60 days before the proposed date of sale the Owner-Trustee and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units to be sold, such value shall be determined in accordance with the foregoing definition by an Appraiser. The Appraiser shall be instructed to make such determination within a period of 20 days following appointment and shall promptly communicate such determination in writing to the Owner-Trustee and the Lessee. The determination so made shall be conclusively binding upon both the Owner-Trustee and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee. The term Appraiser shall mean such independent appraiser as the Owner-Trustee may select with the approval of the Lessee, or failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by the Owner-Trustee, the second by the Lessee and the third designated by the first two so selected.

13.2. Renewal Options. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Owner-Trustee (which notice shall be irrevocable) not less than six months nor more than one year prior

to the end of the then current term of this Lease, elect to extend the original or extended term of this Lease in respect of all, but not less than all, the Units in any Group or in both Groups then covered by this Lease either for up to two 10-year periods or for up to four five-year periods. The rental payable during each extended term shall be payable semiannually on the anniversaries of the payment dates of the preceding term of this Lease in each year of such extended term and shall be in an amount equal to the "Fair Market Rental". Fair Market Rental shall be determined for each extended term 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, cost of removal from the location of current use shall not be a deduction from such rental. If on or prior to 60 days before the commencement of the extended term, the Owner-Trustee and Lessee are unable to agree upon the determination of the Fair Market Rental of the Units to be leased, such rental shall be determined in accordance with the foregoing definition by an appraiser in the manner described in the second paragraph of § 13.1 hereof. The Casualty Values applicable to any extended term shall be equal to the estimated Fair Market Value of the Units at each rental payment date under the extended term. If on or prior to 60 days before the commencement of the extended term, the Owner-Trustee and the Lessee are unable to agree upon a determination of such Casualty Values, such Casualty Values shall be determined by an appraiser in a manner described in the second paragraph of § 13.1 hereof.

§ 14. RETURN OF UNITS UPON EXPIRATION OF TERM

On or prior to the termination of the term of this Lease (or any renewal pursuant to § 13 hereof) the Lessee will, at its own cost and expense, at the request of the Owner-Trustee, deliver possession of the Units to the Owner-Trustee upon such storage tracks as the Owner-Trustee may reasonably designate (but in no event at more than three locations), or, in absence of such designation, as the Lessee may select, and permit the Owner-Trustee to store such Units on such tracks for a period not exceeding 60 days from the date at which at least 90% of the Units then subject to this Lease are first placed in storage; the assembly, delivery, storage and transporting of such Unit to be at the

expense and risk of the Lessee. Arrival of a Unit at the designated point shall constitute "Return" for the purposes hereof. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same at the storage locations; provided, however, that the Lessee shall not be liable except in the case of negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, 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 Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 14 shall (i) be in the condition required by § 9.3 hereof, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at the Lessee's expense any part title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, provided that the Lessee shall not be required to make any additions, modifications or improvements which would not be required of the Lessee if the Lessee continued to operate the Units. If any Unit suffers a Casualty Occurrence during any storage period provided for in this § 14, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit as determined in accordance with § 7 hereof. The Lessee shall pay rental at the rate of .043151% of the Purchase Price of such Unit per day for any Unit not returned to the Owner-Trustee immediately upon expiration of the termination of the initial or any extended term of this Lease. Nothing contemplated by this § 14, including payment by the Lessee of the above-specified amounts, shall be deemed to relieve the Lessee from its obligations to assemble, deliver and store the Units or affect the Owner-Trustee's rights and remedies with respect to such obligation.

§ 15. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the Lease Assignment and any assignment hereof or thereof to be filed and recorded (i) with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303 and (ii) in the applicable office of Ontario. The Lessee will undertake the filing, registering, deposit and recording required of the Owner-Trustee 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 reflile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Owner-Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA or the Lease Assignment.

The Lessee will promptly furnish to the Vendor and the Owner-Trustee 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 Owner-Trustee. This Lease and the CSA shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. LESSOR'S RIGHT TO PERFORM; INTEREST ON OVERDUE RENTALS

Should the Lessee fail to make any payment or to do any act as provided by this Lease, then the Owner-Trustee shall have the right (but not the obligation), without notice to the Lessee of its intention to do so and without releasing the Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Units or the Owner-Trustee's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of the Owner-Trustee appears to affect the Units, and in exercising any such rights, the Owner-Trustee may insure any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by the Owner-Trustee shall be due and payable by the Lessee within ten days of notice thereof. 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 an amount equal to interest at a rate equal to the lesser of 16-3/4% per annum or the highest rate as may be legally enforceable on the overdue rentals and other obligations for the period of time during which they are overdue.

§ 17. NOTICES

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

if to the Owner-Trustee, at 130 South LaSalle Street, Chicago, Illinois 60603, Attention of Corporate Trust Officer; with a copy to the Owner at 600 Summer Street, P. O. Box 601, Stamford, Connecticut 06904, Attention of Vice President Special Financings;

if to the Lessee, at P.O. Box 1219R, Columbia Road and Park Avenue, Morristown, New Jersey 07960, Attention of Assistant Treasurer;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Copies of each such notice shall be given to the Vendor at 135 South La Salle Street, Chicago, Illinois 60690, attention of Corporate Trust Officer or such other address designated by the Vendor. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Vendor regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 18. SEVERABILITY; EFFECT AND MODIFICATION OF LEASE; THIRD-PARTY BENEFICIARIES

18.1. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall

not invalidate or render unenforceable such provision in any other jurisdiction.

18.2. Effect of Modification of Lease. This Lease and the Indemnity Agreement exclusively and completely state the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersede all other agreements, oral or written, with respect thereto, except the Participation Agreement. 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 Owner-Trustee and the Lessee.

18.3. No Third-Party Beneficiaries. Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

§ 19. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof.

§ 20. IMMUNITIES: NO RECOURSE

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the representations, undertakings, covenants, warranties and agreements herein made on the part of the financial institution acting as Owner-Trustee are made and intended not as personal representations, undertakings, covenants, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution 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 said financial institution not in its own right but solely in the exercise of the powers expressly conferred upon it 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 financial institution or the Owner on account of this Lease or on account of any representations, undertaking, covenant, warranty or agreement of the Owner-Trustee (except, in the case of the Owner-Trustee only, in the case of gross negligence or wilful misconduct of the Owner-Trustee), either expressed or implied, all such personal liability against either said financial institution or the Owner, if any, being expressly waived and released by the Lessee, the Vendor and by all persons claiming by, through or under either of them.

§ 21. LAW GOVERNING

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

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

EXCHANGE NATIONAL BANK OF CHICAGO, not in its individual capacity, but solely as Owner-Trustee, under the aforesaid Trust Agreement,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

ALLIED CORPORATION,

by

_____
Assistant Treasurer

[Corporate Seal]

Attest:

_____
Assistant Secretary

STATE OF NEW JERSEY,)
) ss.:
COUNTY OF MORRIS,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Treasurer of ALLIED CORPORATION, a New York 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

_____
Notary Public

[Notarial Seal]

My Commission Expires

Units of Railroad Equipment

Builder	Type	AAR Mechanical Designation	Quantity	Lessee's Identification Numbers (Both Inclusive)
Richmond Tank Car Company	23,700 gallon acid pressure tank cars	112-S-400W	23	ACTX 423000-423022
General American Transportation Corporation	20,000 gallon coal tar products tank cars	111-A-100W-2	17	ACTX 420112-420128

CASUALTY AND TERMINATION VALUES

Rental Payment Date	Percentage of Purchase Price*
July 1, 1982	113.3647
January 1, 1983	116.3321
July 1, 1983	112.8614
January 1, 1984	114.6107
July 1, 1984	110.4541
January 1, 1985	111.3685
July 1, 1985	106.6804
January 1, 1986	106.9158
July 1, 1986	101.7804
January 1, 1987	101.5377
July 1, 1987	95.8578
January 1, 1988	95.0019
July 1, 1988	93.3530
January 1, 1989	91.7749
July 1, 1989	89.5879
January 1, 1990	87.4104
July 1, 1990	84.6236
January 1, 1991	81.7580
July 1, 1991	78.3348
January 1, 1992	74.7364
July 1, 1992	70.6443
January 1, 1993	65.7428
July 1, 1993	61.6570
January 1, 1994	56.6236
July 1, 1994	52.1563
January 1, 1995	46.7726
July 1, 1995	41.9317
January 1, 1996	36.1077
July 1, 1996	30.9754
January 1, 1997	24.8795
July 1, 1997	26.2001

* As defined in the CSA.

ANNEX D
[CS&M Ref. 5562-004]

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1981, ("Assignment"), by and between EXCHANGE NATIONAL BANK OF CHICAGO ("Owner-Trustee"), acting not in its individual capacity but solely as trustee under the Trust Agreement dated as of the date hereof with Litton Equity Investments, Inc. ("Owner"), and LaSALLE NATIONAL BANK ("Agent") as Agent for one or more Investors under a Participation Agreement dated as of the date hereof ("Investors").

The Owner-Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Richmond Tank Car Company and General American Transportation Corporation (the "Builders"), providing for the sale to the Owner-Trustee of such units of railroad equipment ("Units") described in Annex B thereto as are delivered to and accepted by the Owner-Trustee thereunder.

The Owner-Trustee and Allied Corporation ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the leasing by the Owner-Trustee to the Lessee of the Units.

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

1. The Owner-Trustee hereby assigns, transfers and sets over unto the Agent, as collateral security for the payment and performance of the obligations of the Owner-Trustee under the CSA, all the right, title and interest, powers, privileges, and other benefits of the Owner-Trustee under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Owner-Trustee from the Lessee whether as rent, casualty payment, termination payment, indemnity, liquidated damages or otherwise (such moneys, other than Excluded Payments as hereinafter defined, being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Owner-Trustee is or may

become entitled to do under the Lease. The Owner-Trustee does not assign to the Agent, and the Agent shall have no right or interest in and to, any Excluded Payments. As used herein, the term "Excluded Payments" shall mean (i) payments by the Lessee to the Owner for its own account or to the Owner-Trustee for its own account pursuant to §§ 6 and 9.5 of the Lease and (ii) any proceeds payable under liability insurance policies to or for the benefit of the Owner or the Owner-Trustee for its own account. In furtherance of the foregoing assignment and subject to Section 11 hereof, the Owner-Trustee hereby irrevocably authorizes and empowers the Agent in its own name, or in the name of its nominee, or in the name of the Owner-Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Owner-Trustee is or may become entitled to under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Agent agrees to accept any Payments made by the Lessee for the account of the Owner-Trustee pursuant to the Lease. To the extent received, the Agent will apply such Payments to satisfy the obligations of the Owner-Trustee under the CSA, and to provide for the payments required to be made by the Owner-Trustee pursuant to §§ 2.5 and 9.1 of the Participation Agreement, and, so long as no Event of Default shall have occurred and be continuing under the CSA, any balance shall be paid to the Owner-Trustee on the same date such Payment is applied to satisfy such obligations of the Owner-Trustee, by check mailed to the Owner-Trustee on such date or, upon written request of the Owner-Trustee, by bank wire to the Owner at such address as may be specified to the Agent in writing, and such balance shall be retained by the Owner-Trustee. If the Agent shall not receive any rental payment under § 3 of the Lease when due, the Agent shall notify the Owner-Trustee at the address set forth in the Lease; provided, however, that the failure of the Agent so to notify the Owner-Trustee shall not affect the obligations of the Owner-Trustee hereunder or under the CSA.

Any Excluded Payment received by the Agent shall be immediately paid to the Owner or the Owner-Trustee entitled to receive the same.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Agent to, or transfer, or pass, or in any way affect or modify the liability of the Owner-

Trustee under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Owner-Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Owner-Trustee or persons other than the Agent.

3. The Owner-Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Owner-Trustee; without the written consent of the Agent, subject to Section 11 hereof, the Owner-Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease, and the Owner-Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. Subject to Section 11 hereof, the Owner-Trustee does hereby constitute the Agent the true and lawful attorney of the Owner-Trustee, irrevocably, with full power (in the name of the Owner-Trustee, or otherwise), to ask, require, demand, receive and compound any and all Payments due and to become due under or arising out of the Lease to which the Owner-Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Agent may seem to be necessary or advisable in the premises.

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

6. The Owner-Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Owner-Trustee, its successors and assigns (other than the Agent or any

successor trustee under the Trust Agreement) which result from claims not related to the ownership of the Equipment or the administration of the Trust Estate or any other transaction contemplated by its Documents (as defined in the Participation Agreement), and, to the extent it receives funds sufficient for such purpose from the Owner, from, through or under the Owner and its successors and assigns (and also, to the extent that it receives funds sufficient for such purpose from the Owner, including taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or the Owner-Trustee's interest in the Lease and the payments to be made thereunder, but the Owner-Trustee shall not be required to pay or discharge any such tax, claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not in the reasonable opinion of the Agent adversely affect the security interest of the Agent in the Equipment, the Lease, its interest in the income and proceeds from the Equipment or the Lease.

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

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

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

10. The Owner-Trustee shall cause copies of all notices received in connection with the Lease, and all payments hereunder to be promptly delivered or made to the Agent at its address set forth in Article 21 of the CSA, or at such other address as the Agent shall designate.

11. The Agent hereby agrees with the Owner-Trustee that the Agent will not, so long as no Event of Default under the Lease, or event of default under the CSA, has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Owner-Trustee to the Agent by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Owner-Trustee may, so long as no event of default under the CSA or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits.

Unless and until an Event of Default under the Lease, or an event of default under the CSA, has occurred and is continuing, the Owner-Trustee shall have the right, without the concurrence of the Agent, to adjust the rentals, Casualty Values and Termination Values pursuant to § 3 of the Lease and to exercise the rights of the Lessor under §§ 7.7, 13 and 14 of the Lease; at all times the Owner-Trustee may, without the concurrence of the Agent, receive all notices, certificates, opinions of counsel and other documents and information to be furnished to the Owner-Trustee under the Lease; at all times the Owner-Trustee shall have the right to proceed by appropriate court action either at law or in equity to enforce the performance by the Lessee of its obligations with respect to Excluded Payments or to recover damages for the breach thereof as provided in § 10(aa) of the Lease but may not declare an Event of Default under or terminate the Lease. The Agent may not at any time, without the concurrence of the Owner, amend, modify or supplement or give or accept any waiver or consent with respect to, the Lease so as to increase the liabilities or diminish the immunities of the Owner or reduce the amount or extend the time of payment of any Excluded Payment then due and payable or change any of the circumstances under which Excluded Payments are payable.

12. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings, covenants, warranties and agreements herein made on the part of the financial institution acting as Owner-Trustee hereunder are made and intended not as per-

sonal representations, undertakings, covenants, warranties and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Assignment is executed and delivered by the said institution solely in the exercise of its powers expressly conferred upon it 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 institution or the Owner on account of this Agreement or on account of any representation, undertaking, covenant, warranty or agreement herein (except, in the case of the Owner-Trustee only, as provided in Section 6 hereof or in the case of gross negligence or wilful misconduct of the Owner-Trustee), either express or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

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

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity,
but solely as trustee under the
aforesaid Trust Agreement,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

LA SALLE NATIONAL BANK,
as Agent,

by

[Corporate Seal] Vice President

Attest:

_____
Assistant Secretary

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

[Notarial Seal] _____ Notary Public

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

[Notarial Seal] _____ Notary Public

My Commission expires

CONSENT AND AGREEMENT

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

(1) it will pay or cause to be paid all rentals, casualty payments, termination payments, liquidated damages, indemnities (except for Excluded Payments as defined in the Lease Assignment) and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to LA SALLE NATIONAL BANK, as Agent ("Agent"), the assignee named in the Lease Assignment, 135 South La Salle Street, Chicago, Illinois 60690, Attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Agent);

(2) the Agent shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Agent were named therein as the lessor;

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

(4) the Lease shall not, without the prior written consent of the Agent, be terminated (except in accordance with its terms) or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the

Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said state.

ALLIED CORPORATION,

by

[Corporate Seal]

_____
Assistant Treasurer

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of August 1, 1981.

LA SALLE NATIONAL BANK,
as Agent,

by

_____
Vice President

[CS&M Ref. 5562-004]

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1981

Among

RICHMOND TANK CAR COMPANY

and

GENERAL AMERICAN TRANSPORTATION CORPORATION

and

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as
trustee under the Trust Agreement
dated as of the date hereof with
Litton Equity Investments, Inc.

15-3/4% Conditional Sale Indebtedness Due 1997

[Covering 40 tank cars]

CONDITIONAL SALE AGREEMENT

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* This Table of Contents has been included for convenience only and does not form a part of this document.

CONDITIONAL SALE AGREEMENT dated as of August 1, 1981, between the corporations named in Item 1 of Annex A hereto (said corporations being hereinafter collectively called the "Builders" and severally the "Builder" or collectively or severally the "Vendor", as the context may require, all as more particularly set forth in Section 1.3 hereof), and EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, acting not in its individual capacity but solely as trustee ("Trustee") under the Trust Agreement dated as of the date hereof ("Trust Agreement") with LITTON EQUITY INVESTMENTS, INC., a Nevada corporation ("Owner").

Each Builder has agreed to conditionally sell to the Trustee, subject to the terms and conditions hereof, the railroad equipment described in Annex B hereto ("Equipment").

The Trustee is entering into a Lease of Railroad Equipment with ALLIED CORPORATION ("Lessee"), substantially in the form of Annex C hereto ("Lease").

LA SALLE NATIONAL BANK ("Agent") is acting as agent for an investor (hereinafter, together with its successors and assigns, called the "Investors") pursuant to a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Agent, the Owner, the Trustee and the Investors.

In consideration of the agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE 1. ASSIGNMENT; DEFINITIONS

1.1. Contemplated Sources of Purchase Price; Assignment. The parties hereto contemplate that the Trustee will furnish that percentage of the Purchase Price (as defined in Section 4.1 hereof) of the Equipment as is specified in Section 4.3 and that an amount equal to the balance of such Purchase Price shall be paid to the Builders by the Agent pursuant to an Agreement and Assignment dated as of the date hereof ("CSA Assignment") between the Builders and the Agent.

1.2. Lease Assignment. As security for the payment and performance of all the Trustee's obligations hereunder, the Trustee will assign to the Agent certain of the rights, title and interests of the Trustee in and to the Lease pursuant to an Assignment of Lease and Agreement substantially in the form of Annex D hereto ("Lease Assignment"), and the Lessee shall acknowledge and consent thereto pursuant to a Consent and Agreement substantially in the form attached to the Lease Assignment ("Consent").

1.3. Meaning of "Vendor" and "Builder". The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, each of the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder), and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designations as "the Vendor", "such Builder", "the Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Annex A hereto or its successor, such right or obligation shall be construed to accrue to or be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

ARTICLE 2. CONSTRUCTION AND SALE

Each Builder shall construct its units of Equipment at its plant or plants set forth in Annex B hereto and will sell and deliver such Equipment to the Trustee. Each unit of Equipment shall be constructed in accordance with the specifications referred to in Annex B and the Purchase

Order (as hereinafter defined) and in accordance with such modifications thereof as may be agreed upon in writing between such Builder, the Trustee and the Lessee (such specifications and any modifications called "Specifications"). The design, quality and component parts of each unit of Equipment shall conform, on the date of delivery and acceptance thereof, to all United States Department of Transportation and Interstate Commerce Commission and similar Canadian governmental instrumentality requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to each such unit of Equipment and each such unit will be new railroad equipment when delivered to the Trustee and the original use thereof shall commence with the Trustee.

ARTICLE 3. INSPECTION AND DELIVERY

3.1. Place of Delivery. Each Builder will deliver its units of the Equipment to the Trustee at the place or places specified in Annex B hereto, freight charges and storage charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (c) or (d) of Section 16.1 hereof or subsequent to the occurrence of any event of default as described in Section 16.1 hereof or of any event which with the giving of notice or lapse of time or both would constitute such an event of default. Each Builder agrees not to deliver any unit of its Equipment hereunder (a) following receipt of written notice from the Trustee or the Agent of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, (b) until it receives notice from the Agent, the Trustee or their counsel on their behalf, that the respective conditions contained in Section 7.1 and Section 8.1 of the Participation Agreement have been met, or (c) following receipt of written notice from the Agent or the Trustee of the Agent's or the Trustee's determination that there has been a materially adverse change in the condition, financial or otherwise, of the Lessee from that which existed on December 31, 1980.

3.2. Force Majeure. The obligations of each Builder as to time of delivery are subject to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riots or civil commotion, sabotage, strikes,

differences with workmen, accidents, fires, floods, explosions, damage to plant, equipment or facilities, delays in receiving necessary materials, delays of carriers or subcontractors.

3.3. Exclusion of Equipment. Notwithstanding the provisions of Section 3.2 hereof, any unit of Equipment not delivered to the Trustee pursuant to Section 3.1 hereof and any unit of Equipment not delivered and accepted by the Trustee hereunder on or before December 31, 1981, shall be excluded from this Agreement, and the Trustee shall be relieved of its obligations hereunder to purchase and pay for such Equipment. If any unit of Equipment shall be so excluded, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. In the event of any such exclusion of any unit of Equipment herefrom pursuant to the foregoing provisions or pursuant to Section 4.1 hereof, or in the event the Trustee is relieved of its obligations hereunder to accept or pay for any or all units of Equipment in accordance with the terms and conditions hereof for any reason whatsoever, the Lessee will be obligated pursuant to Article I of the Participation Agreement to accept all such units completed and delivered by each Builder and to pay the full purchase price therefor when due, all in accordance with the terms of its prior contractual arrangements with each Builder relating to the Equipment (the "Purchase Order"), and the Trustee will reassign, transfer and set over to the appropriate Builder and the Lessee, as their respective interests shall appear, all the right, title and interest of the Trustee in and to the units so excluded and the Purchase Order to the extent relating thereto. The Trustee agrees, upon any such exclusion, to take such steps including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of equipment so excluded from this Agreement.

3.4. Inspection. During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Trustee (who may be employees and agents of the Lessee), and each Builder shall grant to such authorized inspectors reasonable access to its plant at which the units of Equipment are being constructed. Prior to delivery to the Trustee by each Builder, each of its units of Equipment shall be presented to an authorized inspector

of the Trustee for inspection at the place specified for delivery of such unit, and if such unit conforms to the Specifications, requirements and standards applicable thereto, such authorized inspector shall execute and deliver to the appropriate Builder a certificate of acceptance ("Certificate of Acceptance") stating that such unit has been inspected and accepted on behalf of the Trustee and is marked in accordance with Article 10 hereof; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Articles 2 and 14 hereof. By § 2 of the Lease and by this Section 3.4, the Trustee hereby appoints the Lessee its agent to inspect and accept delivery of the Equipment. Acceptance of any unit of Equipment by the Lessee (or its employees or agents, as aforesaid) pursuant to § 2 of the Lease shall be deemed to be acceptance of such unit hereunder by the Trustee.

3.5. Each Builder's Responsibilities After Delivery. Upon delivery to and acceptance by the Trustee of each such unit of Equipment at the place specified for delivery, the Builder thereof shall have no further responsibility for nor bear any risk of any damage to or the destruction or loss of any such unit; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Articles 2 and 14 hereof.

ARTICLE 4. PURCHASE PRICE AND PAYMENT

4.1. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices include storage and freight charges to the place of delivery payable to the appropriate Builder and engineering and inspection charges payable to the Lessee and are subject to such increase or decrease as is agreed to by the appropriate Builder, the Trustee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased and as set forth in the appropriate Builder's invoice or invoices delivered to the Trustee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Trustee (such invoice or invoices being hereinafter called the Invoices). On each Closing Date the Lessee will submit its Invoices for engineering and inspection charges, and such Invoices shall be settled for as if the Lessee were a Builder hereunder. If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is then being made under this Agreement would, but for the

provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Trustee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the appropriate Builder (and any assignee of such Builder) and the Trustee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for in inverse order of their delivery pursuant to Article 3 hereof, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid), and the Trustee shall take such other steps, including the execution of instruments of transfer, as it may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Trustee shall have no further obligation or liability in respect of units so excluded.

4.2. Settlement and Closing Dates. The Equipment shall be settled for in such number of groups ("Groups") of units of Equipment delivered to and accepted by the Trustee as is provided in Item 2 of Annex A hereto. The term "Closing Date" with respect to any group of units shall be such date as is specified by the Lessee in accordance with Item 2 of Annex A hereto by six business days' written notice thereof with the concurrence of the Trustee and the Agent, but in no event shall such Closing Date be later than December 31, 1981. Such notice shall specify the aggregate Purchase Price of the Equipment to be settled for and a copy thereof shall be sent by the Lessee to the Agent, the Trustee and the Owner. The place of each closing shall be determined by mutual agreement among the parties hereto. At least five business days prior to any Closing Date, the appropriate Builder shall present the Invoice to the Trustee and the Lessee for the Equipment to be settled for. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, or New York, N. Y., are authorized or obligated to remain closed.

4.3. Indebtedness of Trustee to Vendor. Subject to the terms of this Agreement and the satisfaction of the conditions set forth in the Participation Agreement, the Trustee hereby acknowledges itself to be indebted to the Vendor in the amount of the aggregate Purchase Price of the

Equipment to be settled for and hereby promises to pay the same in cash or immediately available funds to the Vendor at such place as the Vendor may designate, as follows:

(a) on each Closing Date, an amount equal to 27.711% of the aggregate Purchase Price of the Equipment for which settlement is being made; and

(b) in 30 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the Equipment for which settlement is being made less the aggregate amount paid or payable with respect thereto pursuant to subsection (a) of this Section (said portion of the aggregate Purchase Price payable in installments called "CSA Indebtedness").

4.4. CSA Indebtedness; Payment Dates; Interest. (a) The installments of the CSA Indebtedness shall be payable semiannually on January 1 and July 1 in each year, commencing on July 1, 1982 (each such date a "Payment Date"). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 15-3/4% per annum. Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on January 1, 1982, and semiannually on each Payment Date thereafter. The amounts of principal of and interest on the CSA Indebtedness payable on each Payment Date shall be calculated to be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal shall completely amortize the CSA Indebtedness at maturity. The Trustee will furnish to the Vendor and the Lessee schedules showing the respective amounts of principal and interest payable on each Payment Date promptly after the last Closing Date, in such number of counterparts as shall be requested by the Vendor.

(b) If any of the dates for payment of principal or interest is not a business day, such payment shall be payable on the succeeding business day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding business day.

4.5. Calculation of Interest. Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that the interest accrued to January 1, 1982, shall be calculated on an actual days elapsed, 365-day year basis.

4.6. Penalty Interest. The Trustee will pay interest, to the extent legally enforceable, at the rate of 16-3/4% per annum ("Penalty Rate") upon all amounts remaining unpaid on the CSA Indebtedness after the same shall have become due and payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

4.7. Currency of Payment. All payments provided for in this Agreement shall be made by bank wire transfer of Federal funds in such coin or currency of the United States as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Articles 7 and 16 hereof, the Trustee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date on which it becomes due.

4.8. Liability of Trustee Limited to "Income and Proceeds from Equipment". Notwithstanding any other provision of this Agreement (including but not limited to any provision of Articles 16 and 17 hereof, except as set forth in this Section 4.8), but not limiting the effect of Article 22 hereof, the liability of the Trustee or any assignee of the Trustee for any and all payments to be made by it under this Agreement, with the exception only of the payments to be made pursuant to Section 4.3(a) hereof and interest payable on January 1, 1982 (which payments shall be made by the Trustee solely from funds provided to the Trustee by the Owner for the purpose of enabling the Trustee to make such payments) and the proviso to Section 13.3 hereof, shall not exceed an amount equal to and shall be payable only out of the "income and proceeds from the Equipment", and such payments shall be made by the Trustee only to the extent that the Trustee or any assignee of the Trustee shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. Except as provided in the preceding sentence, the Trustee shall have no liability to make any payments

under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Trustee or any assignee of the Trustee. As used herein the term "income and proceeds from the Equipment" shall mean:

(i) if one of the events of default specified in Section 16.1 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Trustee or any assignee of the Trustee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of a Casualty Occurrence (as defined in § 7 of the Lease) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 13 or any other provision of the Lease (except any Excluded Payments as defined in the Lease Assignment) and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition; and

(ii) at any other time only that portion of the amounts referred to in clauses (a) and (b) of subsection (i) above (not including amounts paid by the Lessee to the Trustee as reimbursement of sums paid by the Trustee on account of prior defaults under § 10 of the Lease) as are indefeasibly received by the Trustee or any assignee of the Trustee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of a Casualty Occurrence or Termination) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement;

it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Trustee or any assignee of the Trustee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in

respect of a Casualty Occurrence or Termination) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Trustee or any assignee of the Trustee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. Nothing contained herein limiting the liability of the Trustee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 or 17 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Trustee for an amount in excess of the amounts payable by the Trustee pursuant to the limitations set forth in this Section, it will, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth or referred to in this Section.

ARTICLE 5. SECURITY INTEREST IN EQUIPMENT

5.1. Vendor To Retain Security Interest; Accessions Are Part of Equipment. The Vendor hereby retains a security interest in the Equipment until the Trustee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Trustee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Trustee and the Lessee as provided in this Agreement and the Lease. Any and all parts installed on and additions and replacements made to any unit of Equipment (i) which are not readily removable without causing material damage to such unit, (ii) the cost of which is included in the Purchase Price of such unit, (iii) in the course of ordinary maintenance of such unit, or (iv) which are required for the operation or use of such unit in railroad interchange by the Applicable Laws (as defined in § 9.2 of the Lease) shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used herein.

5.2. Obligations upon Payment of CSA Indebtedness. Except as otherwise specifically provided in

Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Trustee at that time, will, at the expense of the Trustee, (a) execute an instrument releasing its security interest in the Equipment and transferring such interest to the Trustee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such instrument to the Trustee at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Trustee to the Equipment and (c) pay to the Trustee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as provided therein. The Trustee hereby waives and releases any and all rights existing or that may be acquired in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificate within a reasonable time after written demand by the Trustee.

ARTICLE 6. TAXES

6.1. General Tax Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Trustee agrees to pay and to indemnify and hold the Vendor harmless from all Taxes (as defined in § 6 of the Lease) for which indemnification is required under the Lease; excluding, however, (i) Taxes measured solely by net income based upon the Vendor's receipt of payments provided for herein (other than payments due the Vendor under this Article 6 except those for which the Vendor is entitled to a corresponding deduction in the calculation of its net income) and franchise and value added taxes which are in lieu of such net income taxes; and (ii) any Taxes imposed on or measured by any fees or compensation received by the Vendor; provided, however,

that the Trustee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in Section 6.2 hereof.

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

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Trustee under or arising out of this Article 6, the Trustee shall either make such report or return in such manner as will show the interests of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Trustee.

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

ARTICLE 7. MAINTENANCE; TERMINATION AND CASUALTY OCCURRENCES

7.1. Maintenance. The Trustee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order and repair, ordinary wear and tear excepted, and eligible for railroad interchange in accordance with the Applicable Laws and in the same condition as other similar equipment owned or leased by the Lessee.

7.2. Termination; Casualty Occurrences. In the event that the Lease is terminated pursuant to § 7.7 of the Lease (a "Termination"), or any unit of Equipment shall suffer a Casualty Occurrence (as defined in § 7.1 of the Lease), the Trustee shall, promptly after it shall have received notice from the Lessee or has otherwise been informed of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto by written notice; provided that, in the case of a Termination, the Trustee shall give such written notice to the Vendor no less than 30 days prior to the Settlement Date, as hereinafter defined. On the next succeeding date for the payment of an installment on the CSA Indebtedness (or, in the event such date will occur within 10 days of the delivery of notice, on the following payment date) after such notice from the Lessee has been received or on the Termination Date (as defined in § 7.7 of the Lease) in the case of a Termination (each such date hereinafter called a "Settlement Date"), the Trustee shall, subject to the limitations contained in Section 4.8 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence, a sum equal to the Casualty Value (as defined in Section 7.3 hereof) of such unit suffering a Casualty Occurrence as of such Settlement Date, together with an amount equal to accrued interest thereon and (ii) in the case of a Termination a sum equal to the Termination Value (as defined in Section 7.4 hereof) of all units subject to the Lease as of such Settlement Date, together with an amount equal to accrued interest thereon (as hereinafter provided). The Trustee shall file, or cause to be filed, with the Vendor

a certificate setting forth the Casualty Value of such unit or the Termination Value of all units subject to the Lease, as the case may be. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of principal and interest due on such date in respect of CSA Indebtedness not being prepaid) to prepay, without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid. The Trustee shall promptly cause to be furnished to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor and the Lessee may request, calculated as provided in Section 4.4 hereof.

7.3. Casualty Value. The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit). For the purpose of this Section 7.3 and Section 7.4 hereof, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each unit of Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the Equipment.

7.4. Termination Value. The Termination Value of any unit of Equipment subject to the Lease shall be the same as the Casualty Value thereof.

7.5. Obligations upon Payment of Casualty or Termination Value. Upon payment by the Trustee to the Vendor of the Casualty Value or Termination Value of any unit of the Equipment having suffered a Casualty Occurrence or having been subject to Termination, as the case may be, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Trustee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Trustee, will execute and deliver to the Trustee, at the expense of the Trustee, an appropriate instrument confirming such passage to the Trustee of all the

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

ARTICLE 8. INSURANCE; CONDEMNATION

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of any unit suffering a Casualty Occurrence, the Vendor shall forthwith pay such insurance proceeds or condemnation payments to the Trustee after receipt by the Vendor of the Casualty Value of such Unit, together with accrued interest thereon, unless an event of default shall have occurred and be continuing hereunder. All insurance proceeds received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be forthwith paid to the Trustee upon proof reasonably satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired, provided that an event of default shall not have occurred and be continuing.

ARTICLE 9. REPORTS AND INSPECTIONS

On or before April 30 in each year, commencing with April 30, 1982, the Trustee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Trustee's and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10. MARKING OF EQUIPMENT

The Trustee will cause each unit of Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Trustee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor which previously shall have been filed with the Vendor and filed by or on behalf of the Trustee in all public offices where this Agreement shall have been filed. Except as aforesaid, the Trustee will not allow the name of any person, association or corporation to be placed on any unit of Equipment as a designation

that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries and affiliated companies, and provided, further, that Lessee may make any change in the lettering of the names, trademarks, initials or other insignia at any time and as often as it deems it appropriate to do so.

ARTICLE 11. COMPLIANCE WITH LAWS

During the term of this Agreement, the Trustee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including without limitation the use, maintenance and operation of the Equipment) with all Applicable Laws and in the event the Applicable Laws require any alteration, replacement or addition of or to any part on any unit of Equipment, the Trustee will or will cause any lessee to conform therewith at no expense to the Vendor; provided, however, that the Trustee or any lessee may, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Vendor, materially and adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12. POSSESSION AND USE

12.1. Possession and Use of Equipment by Trustee. So long as an event of default shall not have occurred and be continuing under this Agreement, the Trustee shall be entitled to the possession of the Equipment and the use thereof (as provided in the Lease) from and after delivery of the Equipment by each Builder to the Trustee, but only upon and subject to all the terms and conditions of this Agreement.

12.2. Lease Permitted; Lease Subordinate; No Amendment or Termination. The Trustee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights and shall be subject to the remedies of the Vendor under this Agreement. The Lease shall not be amended in any

respect or terminated (except in accordance with its terms and except as permitted in the Lease Assignment) without the prior written consent of the Vendor prior to the payment in full of the CSA Indebtedness, together with all other sums due to the Vendor hereunder.

ARTICLE 13. PROHIBITION AGAINST LIENS

13.1. Trustee To Discharge Liens. The Trustee will pay or discharge any and all sums claimed by any party from, through or under the Trustee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or any unit thereof or the Lease or the income and proceeds from the Equipment or the Lease and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, materially and adversely affect the security interest of the Vendor in or to the Equipment, its interest in the income and proceeds from the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment or the income and proceeds from the Equipment shall be secured by and under this Agreement.

13.2. No Breach for Certain Liens. The covenant set forth in Section 13.1 will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case not delinquent, liens or claims arising hereunder or under the Participation Agreement and the documents contemplated thereby or from the Vendor's acts or out of judgments under appeal and with execution thereon stayed.

13.3. Article 13 Subject to Article 22 Except in Certain Instances. The obligations of the Trustee under this Article 13 are subject to the limitations contained in Article 22 hereof; provided, however, that the Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or

under the Trustee, its successors and assigns (other than the Agent or any successor trustee under the Trust Agreement) which result from claims not related to the ownership of the Equipment or the administration of the Trust Estate or any other transaction contemplated by this CSA or its Documents (as defined in the Participation Agreement), and, to the extent it receives funds sufficient for such purpose from the Owner, from, through or under the Owner and its successors and assigns (and also, to the extent that it receives funds sufficient for such purpose from the Owner, including taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or the Trustee's interest in the Lease and the payments to be made thereunder, but the Trustee shall not be required to pay or discharge any such tax, claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not in the reasonable opinion of the Vendor adversely affect the security interest of the Vendor in the Equipment, the Lease, its interest in the income and proceeds from the Equipment or the Lease.

ARTICLE 14. INDEMNITIES AND WARRANTIES

14.1. Indemnification. The Trustee shall pay and shall protect, indemnify and hold harmless the Vendor, its successors, assigns, agents and servants ("Indemnified Persons"), from and against any and all Indemnified Matters (as defined in § 9.5 of the Lease), except that the Trustee shall not be liable to either Builder in respect of any Indemnified Matter to the extent liability in respect thereof arises from an act or omission of such Builder or is covered by such Builder's warranties or patent indemnities referred to in Articles 2 and 14 hereof. The Trustee shall be obligated under this Article 14, whether or not any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Trustee under this Article 14 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemni-

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

14.2. Survival; No Subrogation. The indemnities contained in this Article 14 shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of and shall be enforceable by any Indemnified Person. None of the indemnities in this Article 14 shall be deemed to create any rights of

subrogation in any insurer or third party against the Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

14.3. Trustee Not Released if Equipment Damaged or Lost. The Trustee will bear the responsibility for and risk of any damage to or destruction or loss of each unit of Equipment and shall not be released from its obligations hereunder in any such event.

14.4. Warranties and Patent Indemnities. The agreement of the parties relating to each Builder's warranties of material and workmanship and to patent indemnification is set forth in Items 3 and 4 of Annex A hereto and Article 2 hereof. Such warranties and covenants of patent indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

14.5. Warranties of Each Builder. Each Builder represents and warrants to the Trustee that at the time of delivery and acceptance of each unit of Equipment under this Agreement the Trustee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor, the Lessee and the Trustee.

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

Each Builder hereby represents and warrants to the Trustee and its successors and assigns that this Agreement has been duly authorized by such Builder and lawfully executed and delivered by it for a valid consideration and that, assuming due authorization, execution and delivery by the Trustee, this Agreement is, insofar as such Builder is concerned, a legal, valid and binding instrument, enforceable against such Builder in accordance with its terms.

ARTICLE 15. ASSIGNMENTS

15.1. Assignment by Trustee. The Trustee will not transfer the right to possession of any unit of the Equipment (except pursuant to the Lease) or sell, assign, transfer or otherwise dispose of its rights under this Agreement (except as provided in the Trust Agreement).

15.2. Assignment by Vendor. All or any of the rights, remedies, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Trustee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to or relieve either Builder from any of the obligations of such Builder to deliver the Equipment to the Trustee in accordance herewith or to respond to its warranties and indemnities referred to in Articles 2 and 14 hereof, or relieve the Trustee of its obligations to such Builder contained in Articles 3, 4, 6 and 14 hereof, Annex A hereto and this Article 15 or any other obligation which, according to its terms or context, is intended to survive an assignment.

15.3. Notice of Assignment by Vendor. Upon any such assignment pursuant to Section 15.2 hereof, the assignor shall give written notice to the Trustee and the Lessee, together with a copy of such assignment, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Trustee of the notification of any such assignment, all payments thereafter to be made by the Trustee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct. The Trustee shall have no obligation to any assignee prior to actual receipt by the Trustee of written notice of any such assignment.

15.4. No Setoff Against CSA Indebtedness. The Trustee recognizes that this Agreement will be assigned to the Agent as provided in the CSA Assignment. The Trustee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor

hereunder, and for the purpose of inducing such acquisition, that the rights of the Agent to the entire unpaid CSA Indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever by the Trustee arising out of any breach of any obligation of either Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof or with respect to any indemnity herein contained or arising by reason of any other indebtedness or liability at any time owing to the Trustee or the Lessee by either Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Trustee against and only against the appropriate Builder.

ARTICLE 16. DEFAULTS

16.1. Events of Default; Termination of Lease; Declaration of Default; Acceleration of CSA Indebtedness. In the event that any one or more of the following events of default shall occur and be continuing:

(a) the Trustee shall fail to pay or cause to be paid in full any sum payable by the Trustee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) and such default shall continue for 15 business days (in the case of nonpayment of interest or principal with respect to the CSA Indebtedness), or 30 days (in the case of nonpayment of any other sum payable by the Trustee hereunder) after written notice from the Vendor to the Trustee and the Lessee; or

(b) default shall be made in the observance or performance of any of the conditions and agreements on the part of the Trustee (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) contained in Section 7.1 hereof, and such default shall continue for 30 days after written notice from the Vendor to the Trustee, the Owner and the Lessee specifying the default and demanding that the same be remedied; provided, however, that, if at the end of such 30-day grace period

the Trustee and the Lessee shall in good faith be diligently proceeding to cure such default, the grace period shall continue until the earlier of (i) the date on which the Trustee and the Lessee shall fail in good faith to diligently proceed to cure such default or (ii) the date on which the Vendor shall give written notice to the Trustee and the Lessee that their delay in effecting the cure materially affects its rights hereunder; or

(c) default shall be made in the observance or performance of any other of the conditions and agreements on the part of the Trustee (irrespective of the provisions of Article 4 or 22 hereof or any other provision of this Agreement limiting the liability of the Trustee) or the Lessee contained herein or in the Participation Agreement, the CSA Assignment, the Lease Assignment or the Consent and such default shall continue for 30 days after written notice from the Vendor to the Trustee and the Lessee specifying the default and demanding that the same be remedied; or

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

(e) any other proceeding shall be commenced by or against the Trustee (in its capacity as Trustee under the Trust Agreement), the Owner or the Lessee for any relief which includes or might result in any modification of the obligations of the Trustee hereunder, the Owner under the Trust Agreement or the Lessee under the Lease or under the Consent under any

bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to be duly assumed in writing within 60 days after such proceedings shall have been commenced, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Trustee, the Owner or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers; or

(f) any Event of Default under and as defined in the Lease unless the Trustee shall have cured the corresponding event of default hereunder within five business days after notice to the Trustee of such event of default; provided, however, no event of default shall be deemed to have occurred hereunder if such Event of Default under the Lease shall have arisen as a result of the failure of the Lessee to make any Excluded Payment (as defined in the Lease Assignment) unless and until the Owner shall notify the Vendor in writing that it deems such failure to be an event of default;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Trustee and the Lessee, and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the term of the Lease immediately upon such notice to terminate; provided, however, that such termination shall not be in derogation of or impair the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under § 10 of the Lease (subject to the Agent's rights to repossess and sell the Equipment as provided in this

Agreement), including the rights of the Trustee or the Agent (under the assignment thereof), as the case may be, to sue for and recover damages provided for in § 10 of the Lease upon the occurrence of an Event of Default under the Lease, and/or (ii) declare ("Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Trustee wherever situated, subject to the provisions of Articles 4 and 22 hereof. The Trustee shall promptly notify the Vendor and the Lessee of any event of which it has knowledge which constituted, constitutes, or with the giving of notice or lapse of time or both would constitute an event of default under this Agreement.

Notwithstanding anything hereinabove to the contrary, the Vendor will not cause the Lease to terminate and exercise its rights under Article XVII hereof unless it shall have given not less than 15 days' prior notice to the Trustee and the Owner of its intention so to do. During such period the Trustee may prepay all but not less than all of the outstanding CSA Indebtedness together with accrued interest.

16.2. Waiver of Defaults. The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Trustee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this Section, time is of the essence of this Agreement and no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. REMEDIES

17.1. Vendor May Take Possession of Equipment. At any time during the continuance of a Declaration of Default and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, the Vendor may take or cause to be taken by its agent or agents immediate possession of the Equipment or one or more of the units thereof without liability to return to the Trustee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Trustee, the Lessee or any other person and for such purpose may enter upon the premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Trustee or the Lessee, subject to all mandatory requirements of due process of law.

17.2. Assembling of Equipment for Vendor. In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points from among those provided in § 11.1(a) of the Lease for the delivery of the Equipment, the Trustee shall at its own expense and risk:

(a) forthwith and in the usual manner (including without limitation giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any unit or units have been interchanged or which may have possession thereof to return the unit or units) place such units upon such storage tracks as the Vendor reasonably may designate;

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

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

During any storage period, the Trustee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and permit the inspection of the

Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and the Trustee acknowledges that upon application to any court of equity having competent jurisdiction the Vendor shall be entitled to a decree requiring specific performance hereof. The Trustee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of Equipment in any commercially reasonable manner.

17.3. Vendor May Dispose of or Retain Equipment. At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as provided in Section 17.1 hereof) may, at its election, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Trustee, the Owner and the Lessee by telegram or registered mail, addressed as provided in Article 21 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Trustee's rights in the Equipment shall thereupon terminate and all payments made by the Trustee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Trustee or the Owner, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid, including penalty interest, and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee; provided, further, that if the Trustee, the Lessee or any other persons notified under the terms of this Section object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by

law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

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

17.5. Sale of Equipment by Vendor. Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Trustee or the Lessee may bid for and become the purchaser of the Equipment or any unit thereof so offered for sale. The Trustee and the Lessee shall be given written notice of such sale not less than

10 days prior thereto, by telegram or registered mail addressed as provided in Article 21 hereof. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee, the Owner and the Trustee to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Trustee or the Lessee (except to the extent of surplus money received as provided in Section 17.7 hereof) and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

17.6. Effect of Remedies and Powers and Exercise Thereof. Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity not inconsistent herewith, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Trustee shall not otherwise alter or affect the Vendor's rights or the Trustee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Trustee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

17.7. Deficiency or Surplus. If there shall remain any amount due to the Vendor under the provisions of this Agreement after applying all sums of money realized by the Vendor under the remedies herein provided, the Trustee shall, subject to the limitations of Section 4.8

hereof and of Article 22 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Penalty Rate and, if the Trustee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Trustee, provided that the satisfaction of any such judgment shall be limited to the Trust Estate. If there shall remain a surplus in the possession of the Vendor after applying as aforesaid all sums realized by the Vendor, such surplus shall be paid forthwith to the Trustee.

17.8. Expenses. Subject to the limitations of Section 4.8 and Article 22 hereof, the Trustee will pay all reasonable fees, costs and expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

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

ARTICLE 18. APPLICABLE STATE LAWS

18.1. Conflict with State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall be ineffective as to such jurisdiction without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Trustee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

18.2. Waiver of Notices. Except as otherwise provided in this Agreement, the Trustee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, including notice of

intention to take possession of or to sell or lease the Equipment or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights and any and all rights of redemption.

ARTICLE 19. FILING

The Trustee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and in all other places required by § 15 of the Lease; and the Trustee will from time to time perform any other act and will execute, acknowledge, deliver and file any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Trustee will promptly furnish to the Vendor certificates or other evidence of such filing satisfactory to the Vendor.

ARTICLE 20. HEADINGS; MODIFICATION OF AGREEMENT

All article and section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement and the Exhibits thereto, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Trustee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Trustee. Any reference herein to this Agreement or any other agreement shall mean such agreement and all amendments and supplements hereto or thereto then in effect.

ARTICLE 21. NOTICES

Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered, telexed or mailed to it by first class mail, postage prepaid, at its chief place of business at the following specified address:

(a) to either Builder at its address specified in Item 1 of Annex A hereto;

(b) to the Trustee, at 130 South La Salle Street, Chicago, Illinois 60603, Attention of Corporate Trust Department, with copies to the Owner at its address set forth in Article 13 of the Participation Agreement;

(c) to the Lessee, at P. O. Box 1219R, Columbia Road and Park Avenue, Morristown, New Jersey 07960, Attention of Assistant Treasurer;

(d) to the Agent, at 135 South La Salle Street, Chicago, Illinois 60690, Attention of Corporate Trust Division;

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

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

ARTICLE 22. IMMUNITIES; SATISFACTION OF UNDERTAKINGS

22.1. No Recourse Against Certain Persons. No recourse shall be had in respect of any contractual obligation due under this Agreement or referred to herein against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or of the Owner, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise; all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators,

stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

22.2. Satisfaction of Certain Covenants. The obligations of the Trustee under Sections 7.1, 17.2, 17.7 and 17.8 and under Articles 6, 9, 10, 11, 13 (except as set forth in Section 13.3 thereof), 14 and 19 hereof and any and all obligations at any time arising thereunder shall be deemed satisfied in full in all respects by the Lessee's execution and delivery of the Lease. The Trustee shall not have any responsibility for the Lessee's failure to perform such obligations; but if the same shall not be performed, they shall constitute the basis for an event of default hereunder pursuant to Article 16 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor; provided, however, that the Vendor shall consent to any agreement in writing between the Lessee and the Trustee increasing the rentals or casualty values payable pursuant to § 3 or § 7 of the Lease, such consent to be given by the Vendor within 30 days of delivery of a copy of such agreement to the Vendor.

22.3. No Personal Liability of Trustee. It is expressly understood and agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants, undertakings and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution 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 institution or the Owner on account of this CSA or on account of any representation, warranty, covenant, undertaking or agreement herein of the Trustee (except, in the case of the Trustee only, as provided in Section 13.3 hereof or in the case of gross negligence or willful misconduct of the Trustee), either expressed or implied, all such personal liability, if

any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor making claim hereunder may look to said Trust Estate for satisfaction of the same. Nothing contained in this Section 22.3 shall limit, restrict or impair the rights of the Vendor to take all actions to enforce the rights and remedies provided for herein and to bring suit and obtain a judgment against the Trustee (provided that the Trustee either in its fiduciary or individual capacity shall have no personal liability on any such judgment and the satisfaction thereof shall be limited to the Trust Estate) or to foreclose the lien and security interest created by this Agreement or otherwise realize upon the Trust Estate, including the right to proceed against the Equipment or the Lessee under the Lease.

22.4. No Amendment to Trust Agreement. The Trustee agrees not to enter into any supplement or amendment of the Trust Agreement except as provided in Section 8.01 thereof as in effect on the date of execution and delivery hereof.

ARTICLE 23. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with 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, if any, arising out of the filing hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof may be filed or in which any unit of Equipment shall be located and such rights, if any, arising out of the marking of Equipment.

ARTICLE 24. EXECUTION

This Agreement may be executed in any number of counterparts, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by both the Vendee and either Builder so long as each such party has executed and delivered to the other one counterpart hereof. Each

Builder shall be bound hereunder notwithstanding the failure of the other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

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

RICHMOND TANK CAR COMPANY,

[Corporate Seal] by

_____
Vice President

Attest:

_____
Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

[Corporate Seal] by

_____
Senior Vice President

Attest:

_____
Assistant Secretary

EXCHANGE NATIONAL BANK OF CHICAGO, not in its individual capacity but solely as trustee under the aforesaid Trust Agreement,

[Seal] by

_____
Authorized Officer

Attest:

Ella B. Linscott
_____
Authorized Officer

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

On this day of 1981, before me personally appeared ,
to me personally known, who, being by me duly sworn, says that he is a Vice President of RICHMOND TANK CAR COMPANY, a Delaware 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared ,
to me personally known, who, being by me duly sworn, says that he is a Senior Vice President of GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 25 day of SEPT 1981, before me personally appeared VINCENT B. BOWLER, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Norma Schuppenhauer
Notary Public

[Notarial Seal]

My Commission expires May 27, 1983

SCHEDULE I

ALLOCATION SCHEDULE OF EACH $1,000,000 OF CSA INDEBTEDNESS PAYABLE IN (i) ONE PAYMENT OF INTEREST ONLY ON JANUARY 1, 1982, AND (ii) 30 SEMIANNUAL INSTALLMENTS OF PRINCIPAL AND INTEREST COMMENCING JULY 1, 1982

Installment No.	Total Payment	Interest Payment	Principal Recovery	Remaining Ending Principal
1/1/81	$ *	$ *	$ -0-	$1,000,000.00
1	91,360.02	78,750.00	12,610.02	987,389.98
2	91,360.02	77,756.96	13,603.06	973,786.92
3	91,360.02	76,685.72	14,674.30	959,112.62
4	91,360.02	75,530.12	15,829.90	943,282.72
5	91,360.02	74,283.52	17,076.50	926,206.22
6	91,360.02	72,938.74	18,421.28	907,784.94
7	91,360.02	71,488.06	19,871.96	889,912.98
8	91,360.02	69,923.15	21,436.87	866,476.11
9	91,360.02	68,234.99	23,125.03	843,351.08
10	91,360.02	66,413.90	24,946.12	818,404.96
11	91,360.02	64,449.39	26,910.63	791,494.33
12	91,360.02	62,330.18	29,029.84	762,464.49
13	91,360.02	60,044.08	31,315.94	731,148.55
14	91,360.02	57,577.95	33,782.07	697,366.48
15	91,360.02	54,917.61	36,442.41	660,924.07
16	91,360.02	52,047.77	39,312.25	621,611.82
17	91,360.02	48,951.93	42,408.09	579,203.73
18	91,360.02	45,612.30	45,747.72	533,456.01
19	91,360.02	42,009.66	49,350.36	484,105.65
20	91,360.02	38,123.32	53,236.70	430,868.95
21	91,360.02	33,930.93	57,429.09	373,439.86
22	42,766.81	29,408.39	13,358.42	360,081.44
23	28,356.41	28,356.41	-0-	360,081.44
24	57,842.06	28,356.41	29,485.65	330,595.79
25	55,893.17	26,034.42	29,858.75	300,737.04
26	57,939.02	23,683.04	34,255.98	266,481.06
27	57,239.46	20,985.38	36,254.08	230,226.98
28	85,158.60	18,130.37	67,028.23	163,198.75
29	91,360.02	12,851.90	78,502.12	84,690.63
30	91,360.02	6,669.39	84,690.63	-0-
	$2,486,475.99	$1,486,475.99	$1,000,000.00	

* Interest only on the CSA Indebtedness accrued to this date shall be payable pursuant to Article 4 hereof.

ANNEX A
TO
CONDITIONAL SALE AGREEMENT

Information Relating to Building of Equipment

Item 1: (a) Richmond Tank Car Company
1700 West Loop South, Suite 1500
Houston, Texas 77027.

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

Item 2: The Equipment shall be settled for in two groups unless the parties hereto shall otherwise agree.

Item 3(a): Richmond Tank Car Company Warranty. Such Builder warrants that the Equipment built by it to be delivered hereunder (unless manufactured by another party designated or approved by the Lessee) will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (this "Agreement") and warrants that its Equipment will be free from defects in material or workmanship, under normal use and service. This warranty shall apply only to defects in material or workmanship appearing within one year from the date of shipment by such Builder. Such Builder shall be the sole judge of defects in material or workmanship.

If inspections made by such Builder reveal, in the opinion of such Builder, that any unit of the Equipment covered by the above warranty does not meet the above warranty, such Builder shall thereupon correct such defect (including nonconformance with the requirements, specifications and standards set forth in Article 2 of this Agreement), either (at its sole option) by repairing such defective part or parts of any unit of the Equipment, provided that the Lessee notifies such Builder in writing promptly after discovery of such defect, and at the expense of the Lessee makes such defective unit or units of the Equipment promptly available at such

Builder's plant for any repair, or by making available at such Builder's plant necessary repaired or replacement parts. All costs of inspection shall be at the expense of the Lessee. The liability of such Builder under this warranty (except as to title), or for any loss or damage to the Lessee whether the claim is based on contract or negligence, shall not in any case exceed the costs of correcting defects in the units of Equipment as herein provided and upon the expiration of the warranty period all such liability shall terminate. Except for the obligations and liabilities of such Builder under Articles 2, 3, 4 and 14 of this Agreement, the foregoing shall constitute the exclusive remedy of the Trustee and/or the Lessee and exclusive liability of such Builder. Such Builder shall not be liable for, and the Lessee agrees to assume, protect, indemnify and hold such Builder free and harmless for any loss or damage to any party that may arise through the use by the Lessee of any of the units of Equipment.

EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF SUCH BUILDER UNDER ARTICLES 2, 3, 4 and 14 OF THIS AGREEMENT, THE FOREGOING WARRANTY OF SUCH BUILDER IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL, IMPLIED OR STATUTORY (EXCEPT AS TO TITLE): NO WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR PURPOSE SHALL APPLY. With respect to products used in the Equipment built by it but manufactured by manufacturers other than such Builder, any warranty provided such builder shall be passed on to the Trustee and the Lessee to the extent allowed under such warranties. The Trustee and the Lessee agree to look only to such other manufacturers for warranties on such products, and such Builder agrees to provide reasonable assistance to the Trustee and the Lessee in obtaining satisfaction thereunder.

This warranty shall not apply and shall be void under the following conditions: (a) if any part of the units of the Equipment has been altered without such Builder's written authorization, unless the Lessee can show that the alterations were not a cause of the defect; (b) if attachments, devices, power sources, oils or greases unsuitable to the

Equipment have been in use in connection with the Equipment, unless the use of such items had been recommended by such Builder; and (c) if the Equipment is used, handled or serviced contrary to such Builder's instructions.

Such Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Trustee of any of its rights under this Item 3(a).

Item 3(b): General American Transportation Corporation Warranty. The Builder warrants that the Equipment built by it will be built in accordance with the Specifications and the standards and requirements set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants that its Equipment will be free from defects in material (except as to specialties incorporated therein and workmanship with respect thereto specified by the Lessee and not manufactured by such Builder) and workmanship under normal use and service. Such Builder's liability under this Item 3(b) is limited to repair or replacement at its plant of any part or parts of any unit of its Equipment which shall, within one year after the delivery of such unit of Equipment to the Trustee (or, in the case of patent defects, within 10 days after delivery), be returned to such Builder with transportation charges prepaid and which examination by such Builder shall disclose to its satisfaction to have been thus defective. Any unit of such Builder's Equipment repaired, replaced or altered outside of such Builder's plant, the repair, replacement or alteration of which in such Builder's judgment has adversely affected in any way the strength and performance of such unit of Equipment, is removed from this warranty. In no event shall such Builder be liable to anyone for any incidental, special or consequential damages of any kind. THE FOREGOING WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, and such Builder neither

assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of its Equipment, except for the patent indemnification included in Item 4 hereof and as aforesaid.

Such Builder further agrees with the Trustee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of its Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3(b).

Item 4: Each Builder's Patent Indemnity. Each Builder shall defend any suit or proceedings brought against the Trustee or the Lessee based on a claim that its Equipment or any part thereof furnished hereunder (other than any part of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder or any article or material specified by the Lessee and not manufactured by such Builder) constitutes an infringement of any United States patent, if notified promptly in writing and given authority, information and assistance (at the expense of such Builder) for the defense of same, and such Builder shall pay all damages and costs awarded therein against the Trustee or the Lessee. In case the Equipment or any part thereof is in such suit held to constitute infringement and the use of said Equipment or parts is enjoined, such Builder shall, at its own expense, and at its option, either procure for the Trustee and the Lessee the right to continue using said Equipment or parts, or replace same with noninfringing equipment or modify it so it becomes noninfringing, or refund the purchase price. Each Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by such Builder for use in or about the construction or operation of

any of the Equipment, on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner. The foregoing states the entire liability of each Builder for patent infringement by the Equipment or any part thereof.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Conditional Sale Agreement to which this Annex A is attached is 3,025,000.

ANNEX B
TO
CONDITIONAL SALE AGREEMENT

Units of Railroad Equipment

Builder	Type	AAR Mechanical Designation	Plant	Quantity	Lessee's Identification Numbers (Both Inclusive)	Unit Base Price*	Total Base Price*	Estimated Time and Place of Delivery
Richmond Tank Car Company	23,700 gallon acid pressure tank cars	112-S-400W	Houston, Texas	23	ACTX 423000-423022	$76,087	$1,750,000	Sept. 1981, at Geismar, La
General American Transportation Corporation	20,000 gallon coal tar products tank cars	111-A-100W-2	Sharon, Pa.	17	ACTX 420112-420128	$58,824	$1,000,000	Sept.-Oct., 1981, at Detroit, Michigan
							$2,750,000	

* Includes prepaid freight payable to the Builder and engineering and inspection charges payable to the Lessee.

Annex C to the
Conditional Sale Agreement

[CS&M Ref. 5562-004]

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1981

Between

ALLIED CORPORATION,
Lessee,

and

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity, but solely as trustee under
a Trust Agreement dated as of the date hereof with
Litton Equity Investments, Inc.,

Owner-Trustee,
as Lessor

[Covering 40 tank cars]

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of LA SALLE NATIONAL BANK, as Agent for one or more institutional investors. The original of this Lease is held by said Agent.

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1981, between ALLIED CORPORATION, a New York corporation ("Lessee"), and EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, acting not in its individual capacity but solely as trustee (together with its successors and assigns, "Owner-Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with Litton Equity Investments, Inc. ("Owner").

The Owner-Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Richmond Tank Car Company, a Delaware corporation, and General American Transportation Corporation, a New York corporation (hereinafter individually called a "Builder" and collectively called the "Builders"), wherein the Builders have agreed to sell and deliver to the Owner-Trustee the units of railroad equipment described in Schedule A hereto ("Equipment").

Each Builder is assigning its interests in the CSA to La Salle National Bank, acting as agent for one or more investors (said bank, as so acting, together with its successors and assigns, "Vendor") under a Participation Agreement dated as of the date hereof ("Participation Agreement") with the Lessee, the Owner-Trustee, the Owner, Modern Woodmen of America (together with its successors and assigns, the "Investors").

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

The Owner-Trustee will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") dated as of the date hereof, and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement ("Consent") dated as of the date hereof.

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

§ 1. NET LEASE

1.1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to any abatement of rent or of other amounts due hereunder, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or the Owner under this Lease or under the CSA, including the Lessee's rights by subrogation thereunder against a Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee 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 of Equipment 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 or approval of this Lease, any present or future insolvency of or the 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.

1.2. Recovery From Owner. 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 Owner-Trustee, the Owner or the Vendor for any reason whatsoever, except that if the Lessee is required to make rental payments pursuant to

§ 3.5 as a result of the default by the Owner in performance of its obligation there specified, it shall be entitled to recover the amount thereof from the Owner without reduction or set off against any other payments due the Owner-Trustee hereunder.

§ 2. DELIVERY AND ACCEPTANCE OF UNITS

The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to Section 3.4 of the CSA. Each delivery of a Unit to the Owner-Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the CSA. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect same, and if such Unit is found to be acceptable, to accept delivery of such unit on behalf of the Owner-Trustee under the CSA and itself hereunder and execute and deliver to the Owner-Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Section 3.4 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Owner-Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee hereby represents and warrants to the Owner-Trustee that no Unit shall be put into service by the Lessee or any person under the control of or with the consent of the Lessee earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the CSA pursuant to Section 4.1 thereof shall be null and void and ineffective to subject such Unit to this Lease.

§ 3. RENTALS

3.1. Amount and Date of Payment. The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, 30 consecutive semiannual payments, payable in advance on January 1 and July 1 each year, commencing July 1, 1982. The 30 semiannual rental payments shall each be in an amount equal to 6.604325% of the Purchase Price of each Unit subject to this Lease on the date of such payment.

The foregoing rentals and the Casualty Values and the Termination Values set forth in Schedule B hereto, have been calculated on the assumptions that (i) the amount of interest payable under clause (b) of the third paragraph of Section 9.1 of the Participation Agreement will be 4.301197% of the aggregate Purchase Price of the Units, (ii) the debt-equity ratio will be 72.289% to 27.711% of such aggregate Purchase Price and (iii) no change shall have occurred after August 31, 1981, and prior to January 1, 1982, in any applicable law, rule, regulation or order or in the interpretation of any thereof by any court or regulatory authority, which would affect the economics of the transactions contemplated by the Lease to the Owner by changing the Owner's anticipated net after-tax return on and rate of recovery of investment and periodic net cash flows. If for any reason any of the above assumptions shall not be true and accurate, the Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Values and Termination Values set forth in Schedule B hereto will be adjusted, if necessary, in order that the Owner's net after-tax return on and rate of recovery of investment and periodic net cash flows will not be increased or decreased by reason thereof. The amount of any such adjustment will be determined by the Owner, which determination shall be conclusive and binding on the Lessee if the Owner shall certify in writing to the Lessee that such adjustment was determined in good-faith compliance with the immediately preceding sentence. The Lessor and the Lessee agree to execute an amendment to this Lease to reflect each such adjustment; provided that such adjustment shall be effective for all purposes of this Lease regardless of whether such amendment is actually executed and delivered.

In addition to the foregoing rentals, the Lessee agrees to pay to the Owner-Trustee as additional rentals amounts equal to the amounts required by the Owner-Trustee to make the payments provided for in the penultimate sentence of Section 2.5 and in clause (a) of the last paragraph of Section 9.1 of the Participation Agreement on the dates required for such payments, and the Owner-Trustee agrees to apply such rentals for such purposes.

In no event shall the aggregate of the foregoing rentals be less than the amounts required to enable the Owner-Trustee to satisfy its obligations to pay when due the CSA Indebtedness and interest thereon.

3.2. Payment on Nonbusiness Day. If any of

the semiannual rental payment dates provided herein is not a business day (as such term is defined in the CSA) the rental payment otherwise payable on such date shall then be payable on the next succeeding business day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding business day.

3.3. Instructions To Pay Vendor and Owner-Trustee. Until the Vendor notifies the Lessee that the CSA is no longer in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease (other than Excluded Payments as defined in the Lease Assignment) to the Vendor, for the account of the Owner-Trustee, in care of the Vendor. The Owner-Trustee has instructed the Vendor (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Owner-Trustee or to the order of the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing. The Lessee shall have no responsibility with respect to the application by the Vendor of payments made by it in accordance with the first sentence of this paragraph.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for in § 3.1 hereof in immediately available funds at or prior to 11:00 a.m., Chicago, Illinois, time, at the office of the Vendor on the date due, or, if the CSA shall no longer be in effect, at the office of the Owner-Trustee.

3.5. Other Payments. Pursuant to Section 16.1 of the Participation Agreement, the Owner has agreed to provide the Owner-Trustee with funds sufficient to permit the Owner-Trustee to pay the interest payment specified in clause (b) of the third paragraph of Section 9.1 of the Participation Agreement. If the Owner-Trustee or the Agent notifies the Lessee that any such payment has not been made when due, the Lessee will immediately pay the amount thereof as additional rental hereunder and shall have the right to recover the amount thereof from the Owner, but without in any way affecting or reducing its obligation to the Owner-Trustee (or the Agent, as assignee of the Owner-Trustee) under this Lease.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7 and 10 hereof, shall terminate on the date which is six months after 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 §§ 3, 6, 7, 9, 13 and 15 hereof) shall survive the expiration of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights and obligations of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term; 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 identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying 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 in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION. OWNED BY LA SALLE NATIONAL BANK AS AGENT OR ITS SUCCESSORS OR ASSIGNS.", or other appropriate words designated by the Vendor or the Owner-Trustee, with appropriate changes thereof and additions thereto as from time to time may be designated by the Owner-Trustee or the Vendor as required by law or reasonably requested in order to protect the Owner-Trustee's and the Vendor's title to and interest in

such Unit and the rights of the Owner-Trustee under this Lease and of the Vendor under the CSA. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying 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 Owner-Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Owner-Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Owner-Trustee's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Owner-Trustee in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or any of its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment under this Lease, and the Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

The Lessee may make any change in the lettering of the names, trademarks, initials or other insignias at any time and as often as it deems it appropriate to do so. At the expiration of the Lease or any extension hereof, the Owner-Trustee will promptly remove, at the Lessee's sole expense, the Lessee's names, trademarks, initials or other insignias and will not allow the Units to be used or operated without first removing same.

§ 6. TAXES

Whether or not any of the transactions contem-

plated hereby are consummated, the Lessee shall pay, and shall indemnify, protect, save and keep harmless the Owner-Trustee (in both its individual and fiduciary capacities), the Owner, the Vendor, the Investors and the estate held in trust by the Owner-Trustee under the Trust Agreement (referred to collectively, together with their respective agents, servants, successors and assigns, as "Indemnified Persons" and individually as "Indemnified Person") from and against, any and all fees, taxes (including, without limitation, income, franchise, excise, sales, use, occupational, capital, value-added, property and stamp taxes and taxes imposed in respect of items of tax preference), levies, assessments, imposts, duties, charges or withholdings of any nature whatsoever, together with any penalties, fines or interest thereon (all of the foregoing being herein collectively called "Taxes") imposed against such Indemnified Person, the Lessee or the Equipment or any part thereof by any Federal, state or local government or taxing authority or by any foreign government, foreign governmental subdivision or other foreign taxing authority (i) upon or with respect to the Units or any part thereof or any interest in any thereof, or (ii) upon or with respect to the manufacture, acquisition, construction, installation, purchase, delivery, ownership, lease, sublease, possession, rental, use, operation, transportation, return, sale, replacement, storage or disposition of the Units or any part thereof, or (iii) upon or with respect to the rentals, receipts, earnings or gains arising from the Units or any part thereof or the income or proceeds with respect to the Units, including, without limitation, principal, interest and other amounts payable on the CSA Indebtedness, or (iv) upon or with respect to this Lease or any other Documents (as defined in the recitals to the Participation Agreement) including the performance of any of the transactions contemplated hereby or thereby, or the issuance, acquisition or transfer of the CSA Indebtedness or the establishment of the Trust or the beneficial interest of the Owner therein, excluding, however: (1) Taxes which are based on, or measured by, the net income of any Indemnified Person to the extent imposed by the United States of America; (2) Taxes which are based on, or measured by, the net income of any Indemnified Person to the extent imposed by the state, city or municipality in which the principal office of such Indemnified Person is located or by any political subdivision of such state, city or municipality; (3) Taxes which are based on, or measured by, the net income of any Indemnified Person to the extent imposed by a state, city or municipality in which such Indemnified Person is subject to such net income taxes for reasons other than the ownership or leasing of property located in such jurisdiction; (4) Taxes imposed on or for the account of any Indemnified Person that result

from the gross negligence or wilful misconduct of such Indemnified Person; (5) Taxes which are imposed with respect to any period, or with respect to any act, occurring after the termination of this Lease and the return of the Units to the Lessor in accordance with § 14 of this Lease (unless such termination shall have occurred as a result of this Lease having been declared in default pursuant to § 10 hereof); (6) Taxes for which Lessee is obligated to indemnify the Owner pursuant to the Indemnity Agreement; and (7) Taxes imposed by any foreign government or taxing authority or governmental subdivision of a foreign country to the extent utilized by an Indemnified Person as a credit against United States Federal income taxes otherwise payable by such Indemnified Person, assuming for this purpose that such Indemnified Person, utilizes (A) first, all foreign taxes (including foreign taxes which are carried over to the taxable year for which a determination is being made) other than those described in the succeeding clause (B), and (B) then, on a pro rata basis, all foreign taxes (including foreign taxes which are carried over to the taxable year for which a determination is being made) with respect to which such Indemnified Person is entitled to obtain indemnification pursuant to an indemnification provision contained in any lease or participation or other tax indemnity agreement relating to a lease (including this Agreement); provided, however, that if the utilization by such Indemnified Person of foreign taxes otherwise payable by the Lessee as a credit against such Indemnified Person's United States Federal income taxes later results in the expiration of any foreign tax credit carryovers or carrybacks of such Indemnified Person that would not otherwise have expired, then the amount of such carryovers or carrybacks shall be treated as Taxes to which this § 6 shall apply, provided, further, however, that all determinations as to the utilization of Taxes as credit and as to whether Taxes are to be excluded from the Lessee's indemnity contained in this § 6 pursuant to this clause (7) shall be made by such Indemnified Person, which determinations shall be conclusive and binding on the Lessee if such Indemnified Person shall certify in writing to the Lessee that such determinations were made in good faith compliance with the provisions in this clause (7); provided, further, however, that none of such exclusions shall apply to Taxes imposed on the trust established by the Trust Agreement, the Trust Estate (as defined in the Trust Agreement) or the Owner-Trustee in its capacity as Lessor; provided, further, however, that the Lessee agrees to pay any such Taxes referred to in the foregoing clauses (1) through (7) which are in substitution for or relieve the Lessee from any Taxes or indemnity therefor which the Lessee would otherwise be obligated to pay under the terms of this § 6.

With respect to any payment or indemnity under this § 6, such payment or indemnity shall include any amount necessary to hold any Indemnified Person receiving such payment harmless on a net after-tax basis (taking into account any tax benefit or detriment realized by such Indemnified Person as a result of such payment) from all taxes required to be paid by such Indemnified Person with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority in the United States of America or any foreign government, foreign governmental subdivision or other foreign taxing authority. In case any report or return is required to be filed with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, the Lessee will either make such report or return in such manner as will show the ownership of the Units in the Lessor or will notify the Lessor of such requirement and make such report or return in such manner as shall be satisfactory to the Lessor.

Upon the commencement of any proceeding (including the written claim or written threat of any proceeding) against an Indemnified Person involving one or more Taxes, such Indemnified Person shall promptly, upon receiving written notice thereof, give notice of such commencement to the Lessee. The failure by such Indemnified Person so to notify the Lessee shall not relieve the Lessee of any liability that it may have to such Indemnified Person hereunder, but any payment by the Lessee to an Indemnified Person pursuant to this § 6 shall not be deemed to constitute a waiver of any right or remedy which the Lessee may have against such Indemnified Person as a result of the failure by such Indemnified Person to give the Lessee notice of a proceeding as provided in the first sentence of this paragraph; provided, however, that the Lessee shall have no such right or remedy unless such failure of such Indemnified Person to give notice of such proceedings caused the Lessee to be unable to contest the Taxes indemnified against. The Lessee shall be entitled (a) in any proceeding that involves solely a claim for one or more Taxes, to assume responsibility for and control thereof, (b) in any proceeding involving a claim for one or more Taxes and other claims related or unrelated to the transactions contemplated by the Documents, to assume responsibility for and control of such claim for a Tax to the extent that the same may be and is severed from such other claims (and such Indemnified Person shall use reasonable efforts to obtain such severance unless, in the opinion of counsel for such Indemnified Person, such severance and assumption of responsibility and control by the Lessee has a reasonable possibility of adversely affecting the resolution of such other

claims) or (c) in any other case, to be consulted by such Indemnified Person with respect to proceedings subject to the control of such Indemnified Person. Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to assume the responsibility for and control of any such judicial proceedings if (1) the Taxes involved are less than $25,000 in the aggregate, (2) an Event of Default (as defined in § 10 hereof) or any event which with the lapse of time or the giving of notice or both would become such an Event of Default ("Default") shall have occurred and be continuing, (3) such proceedings will involve any reasonable danger of the sale, forfeiture or loss of the Units or any part thereof, or (4) such Tax relates in any way to the business of any Indemnified Person other than the ownership and leasing of the Units, (5) the claims, in the opinion of independent counsel for such Indemnified Person reasonably satisfactory to the Lessee, have reasonable possibility of otherwise compromising or jeopardizing any substantial interests of such Indemnified Person, or (6) the Lessee shall not have furnished such Indemnified Person with an opinion of independent counsel reasonably satisfactory to such Indemnified Person to the effect that there exists a meritorious basis for contesting that Tax. Such Indemnified Person may participate at its own expense in any proceeding controlled by the Lessee pursuant to the preceding provisions.

The Indemnified Person shall supply the Lessee with such information requested by the Lessee as in the reasonable opinion of counsel to such Indemnified Person is necessary or advisable for the Lessee to control or participate in any proceeding to the extent permitted by this § 6. Unless the Lessee is excluded from control of a proceeding involving an Indemnified Person pursuant to the preceding paragraph or a Default or Event of Default has occurred and is continuing, such Indemnified Person shall not enter into a settlement or other compromise with respect to any Tax without prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless such Indemnified Person waives its right to be indemnified with respect to such Tax under this § 6.

If an Indemnified Person shall obtain a repayment of any Tax paid by the Lessee pursuant to this § 6, such Indemnified Person shall promptly pay to the Lessee the amount of such repayment, together with any interest (other than interest for the period, if any, after such Tax was paid by such Indemnified Person until such Tax was paid or reimbursed by the Lessee) received by such Indemnified Person on account of such repayment.

The provisions of this § 6 shall survive the expiration or termination of this Lease and the other Documents.

§ 7. PAYMENT FOR CASUALTY OCCURRENCES, INSURANCE

7.1. Definition of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government ("Government") for a period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, or until such Unit shall have been returned in the manner provided in § 11 or 13 hereof, the Lessee shall within ten days after it shall have reasonably determined that such Unit has suffered a Casualty Occurrence notify the Owner-Trustee and the Vendor with respect thereto specifying the date, cause and extent of such Casualty Occurrence. On the semiannual rental payment date next succeeding the delivery of such notice (or, in the event the term of this Lease has already expired or will expire within 10 days after delivery of such notice, on a date within 10 days of such delivery), the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the next sentence) of such Unit as of the date of such payment in accordance with the schedule referred to hereafter. The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, 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 Owner-Trustee shall be entitled to recover possession of such Unit at its own expense.

If the date upon which the making of such payment by the Lessee in respect of any Unit as required as afore-

said shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term but the Lessee, in addition to paying the Casualty Value for such Unit shall pay interest thereon from the end of such term to the date of such payment at the rate of 15-3/4% per annum. However, if the Casualty Occurrence occurs after this Lease has expired, the Lessee shall pay interest thereon at the rate of 15-3/4% per annum commencing 10 days after such Casualty Occurrence to the date of such payment.

7.2. Lessee Agent for Disposal. The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable by the Lessee upon exercise of reasonable efforts on an "as is, where is" basis and will pay the Lessee's reasonable expenses for such disposal. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder, the Lessee shall be entitled to the proceeds of such disposition to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

7.3. Requisition by United States Government. In the event of the requisition for use by the Government of any Unit for a period which does not exceed the term of this Lease, all the obligations of the Lessee under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Owner-Trustee or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default or Default shall have occurred and be continuing.

7.4. No Release. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder until expiration of this Lease and Lessee's obligations under §§ 11 and 13 hereof.

7.5. Insurance. The Lessee shall, at all times prior to the return of the Equipment to the Owner-Trustee, at its own expense, cause to be carried and maintained

public liability insurance and all risk property damage insurance in respect of the Units, naming the Owner-Trustee, the Owner and the Vendor as additional named insureds and, in the case of property damage insurance, as loss payees, as their interests may appear, at least in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it; provided, however, that, subject to availability, the amount of such public liability coverage shall not, at any time, be less than $20 million per occurrence. In no event shall the coverage of the all risk property damage insurance with respect to any Unit at any time be less than the applicable Casualty Value for such Unit.

The Lessee shall obtain from each insurer under the paragraph immediately above an agreement, by endorsement or separate instrument, that such insurer will give the Owner-Trustee, the Owner and the Vendor 30 days' written notice before such insurer's policy shall be materially altered or canceled or not renewed. On or before April 30 of each year, the Lessee shall deliver to the Owner-Trustee, the Owner and the Vendor a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy. Any policies of insurance carried in accordance with this paragraph shall in addition waive any right to claim premiums or commissions against the Owner, the Owner-Trustee and the Vendor and such policies shall provide that in respect of the interests of the Owner-Trustee, 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 Owner-Trustee, the Owner and the Vendor, respectively) and shall insure the Owner-Trustee, 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 Owner-Trustee, the Owner or the Vendor, respectively).

7.6. Insurance Proceeds and Condemnation Payments. If the Owner-Trustee shall receive (directly or from the Vendor) any insurance proceeds from a policy or policies obtained by the Lessee or condemnation payments in respect of such Units suffering a Casualty Occurrence, the Owner-Trustee shall pay forthwith such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to any Unit theretofore paid by the Lessee and any balance of such proceeds or

condemnation payments shall remain the property of the Owner-Trustee; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Owner-Trustee.

7.7. Economic Obsolescence. During the original term of this Lease, in the event that the Lessee shall, in its reasonable judgment, determine that all the Units in any Group (as hereinafter defined) remaining under this Lease have become economically obsolete or surplus to the Lessee's and its subsidiaries' requirements in the Lessee's and its subsidiaries' business and an officer of the Lessee shall have provided a certificate to such effect to the Owner-Trustee and the Agent, the Lessee shall have the right, at its option and on at least 120 days' prior written notice to the Owner-Trustee, to terminate (which act shall hereinafter be called the "Termination") this Lease as to not less than all such Units in such Group as of any succeeding rental payment date specified in such notice occurring more than 120 days thereafter (such termination date so specified being hereinafter called the "Termination Date"); provided, however, that (i) the Termination Date shall not be earlier than the 20th semiannual rental payment date, (ii) no Event of Default or Default shall have occurred and be continuing on such date and (iii) on the Termination Date all such Units in such Group shall be in the condition required for redelivery pursuant to § 14 hereof. For this purpose, the term "Group" shall mean all Units with the same AAR Mechanical Designation subject to this Lease at the Termination Date.

During the period after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of each such Unit, and the Lessee shall at least five business days prior to such Termination Date certify to the Owner-Trustee the amount of each such bid and the name and address of the party (which shall not be a corporation, other entity or individual affiliated with the Lessee or any party for whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date the Owner-Trustee shall sell each such Unit for cash to the bidder who shall have submitted the highest bid prior to the Termination Date. The total sale price realized at each such sale shall be retained by the Owner-Trustee.

On such Termination Date, the Lessee shall pay to the Owner-Trustee with respect to each such Unit an amount equal to (i) the excess, if any, of the Termination Value (as hereinafter defined) for each such Unit computed as of such date over the sale price of any such Unit so sold after the deduction of all expenses incurred by the Owner-Trustee in connection with such sale and (ii) the rental payment with respect to each such Unit due on such Termination Date. The Termination Value of each such Unit as of the Termination Date on which payment is to be made shall be equal to the Casualty Value as of such date. In no event shall the aggregate amount of sale proceeds retained by the Owner-Trustee and payments of rental and Termination Value received by the Owner-Trustee as aforesaid be less than the "Termination Value" (as defined in Section 7.4 of the CSA) with respect to such Units as of such Termination Date.

If no sale of the Units shall occur on the Termination Date with respect thereto as provided above, this Lease shall continue in full force and effect without change.

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

If the Lessee shall exercise its option to effect a Termination, the Owner-Trustee may, notwithstanding such election by the Lessee, by written notice to the Lessee, the Agent and the Investors given within 60 days after the termination notice is given to the Owner-Trustee and upon satisfaction and discharge of the Owner-Trustee's obligations under the CSA with respect to any such Unit on the Termination Date, elect to retain such Unit. In the event

the Owner-Trustee shall so elect to retain such Unit and delivers to the Lessee evidence of the satisfaction and discharge of the Owner-Trustee's obligations under the CSA with respect to such Unit, the Lessee shall not be obligated to pay the Termination Value to the Owner-Trustee and the Lessee shall deliver such Unit to the Owner-Trustee in accordance with the provisions of § 14 hereof.

§ 8. REPORTS

On or before April 30 in each year, commencing with April 30, 1982, the Lessee will furnish to the Owner-Trustee, 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 (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the CSA have been preserved or replaced and (c) providing such data with respect to the use of the Units and any other information that is reasonably required in order to determine the amount of any income, gain or loss attributable to this Lease. The Owner-Trustee shall, at its sole cost and expense, have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request as may be reasonably necessary to confirm to the Owner-Trustee the existence of proper maintenance of the Units during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; MAINTENANCE; INDEMNIFICATION

9.1. Disclaimer of Warranties. NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE

WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR USE OR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against any Builder or any other person, including, but not limited to, any claims and rights arising under the provisions of the CSA. The Owner-Trustee and the Owner shall not have any responsibility or liability to the Lessee or any other person or entity 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 circumstance 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 Owner-Trustee 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 Owner or the Owner-Trustee based on any of the foregoing matters.

9.2. Compliance with Laws and Rules. The Lessee agrees, for the benefit of the Owner-Trustee, the Owner and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American

Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission, the Department of Transport (Canada) and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units ("Applicable Laws"), to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Vendor, adversely affect the property or rights of the Owner-Trustee or the Vendor under this Lease or under the CSA.

9.3. Maintenance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order and repair, ordinary wear and tear excepted. Except for alterations or changes required by law, the Lessee shall not, without the prior written approval of the Owner-Trustee, effect any permanent structural change in the design, construction or body of the Units or appurtenances thereto which will materially change the use for which the Equipment is intended.

9.4. Additions and Accessions. The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation, the Department of Transport (Canada) or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called Additions) to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units in accordance with their original conventional purpose and shall not diminish the value, utility or condition of the Units

below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee and the Vendor as their respective interests may appear in the Unit itself in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such replaced or substituted Part, (ii) such Part is required to be incorporated in or installed as part of the Unit pursuant to the terms of § 9.2 or § 9.3 hereof, or (iii) notwithstanding the provisions of the first paragraph of this § 9.4, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

9.5. Indemnification. Whether or not any of the transactions contemplated hereby are consummated, the Lessee assumes liability for, and shall indemnify, protect, save and keep harmless each Indemnified Person (as defined in § 6 hereof) from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including legal fees and expenses, of whatsoever kind and nature (herein collectively called "Indemnified Matters") imposed on, incurred by or asserted against any Indemnified Person in any way relating to or arising out of (i) the manufacture, acquisition, construction, installation, purchase, delivery, ownership, lease, sublease,

possession, rental, use, condition, operation, transportation, return, sale, replacement, storage or disposition of the Units or any part thereof (including, without limitation, Indemnified Matters in any way relating to or arising out of latent or other defects, whether or not discoverable by the Lessee or any other person, injury to persons or property, patent, trademark or invention rights, or strict liability in tort), or (ii) this Lease or any of the other Documents or any of the transactions contemplated hereby or thereby, or any other document or instrument hereafter executed and delivered pursuant to the terms hereof or thereof, or the enforcement of any of the terms of this Lease or any of the other Documents, or (iii) the enforcement of any agreement, restriction or legal requirement affecting the Units or any part thereof or the ownership, operation or use of the Units or any part thereof, or (iv) the execution and delivery of the CSA Indebtedness; provided, however, that the Lessee shall not be required to indemnify any Indemnified Person for (A) Indemnified Matters resulting from the gross negligence or wilful misconduct of such Indemnified Person, or (B) Indemnified Matters in respect of the Units which arise from acts or events that occur after the termination of this Lease and the return of the Units to the Lessor in accordance with § 14 hereof (unless such termination shall have occurred as a result of this Lease having been declared in default pursuant to § 10 hereof), or (C) Indemnified Matters resulting from any violation by such Indemnified Person of Section 5 of the Securities Act of 1933, as amended (or any comparable successor thereto), arising out of any transfer, after the date of this Lease of any of the CSA Indebtedness or of the Owner's equity interest not consented to by the Lessee, or (D) Indemnified Matters resulting solely from the breach of any representation, warranty or covenant made by such Indemnified Person herein or in the Participation Agreement, or (E) Indemnified Matters described in § 6 hereof and the Indemnity Agreement except to the extent provided therein, or (F) transaction costs to the extent that the Lessee is not required to pay the same pursuant to Section 12.1 of the Participation Agreement.

The Lessee shall be obligated under this § 9.5 irrespective of whether the Indemnified Person shall also be indemnified with respect to such Indemnified Matters elsewhere under this Lease or under any other Document or by any other person, and the Indemnified Person may proceed directly against the Lessee under this § 9.5 without first resorting to any such other rights of indemnification. With respect to

any payment or indemnity hereunder, such payment or indemnity shall include any amount necessary to hold any Indemnified Person receiving such payment or indemnity harmless on a net after-tax basis and taking into account any tax benefit realized by such Indemnified Person as a result of such payment from all taxes required to be paid by such Indemnified Person with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority in the United States of America.

Upon the commencement of any proceeding (including the written threat or written claim of any proceeding) against an Indemnified Person involving one or more Indemnified Matters, such Indemnified Person shall promptly, upon receiving written notice thereof, give notice of such commencement to the Lessee. The failure by such Indemnified Person so to notify the Lessee shall not relieve the Lessee of any liability that it may have to such Indemnified Person hereunder, but any payment by the Lessee to any Indemnified Person pursuant to this § 9.5 shall not be deemed to constitute a waiver of any right or remedy which the Lessee may have against such Indemnified Person as a result of the failure by such Indemnified Person to give the Lessee notice of a proceeding as provided in the first sentence of this paragraph, provided that the Lessee shall have no such right or remedy unless such failure of such Indemnified Person to give notice of such proceedings caused the Lessee to be unable to contest one or more of such Indemnified Matters. The Lessee shall be entitled (a) in any proceeding that involves solely a claim for one or more Indemnified Matters, to assume responsibility for and control thereof, (b) in any proceeding involving a claim for one or more Indemnified Matters and other claims related or unrelated to the transactions contemplated by the Documents, to assume responsibility for and control of such claim for Indemnified Matters to the extent that the same may be and is severed from such other claims (and such Indemnified Person shall use reasonable efforts to obtain such severance unless, in the opinion of counsel for such Indemnified Person, such severance and assumption of responsibility and control by the Lessee has a reasonable possibility of adversely affecting the resolution of such other claims), or (c) in any other case, to be consulted by such Indemnified Person with respect to proceedings subject to the control of such Indemnified Person. Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to assume responsibility for and control of any such judicial proceedings if (1) the Indemnified Matters involved are less than

$25,000 in the aggregate, (2) a Default or an Event of Default shall have occurred and be continuing, (3) such proceedings will involve any reasonable danger of the sale, forfeiture or loss of the Units or any part thereof, (4) such Indemnified Matters relate in any way to the business of any Indemnified Person other than the ownership and leasing of the Units, (5) the claims, in the opinion of independent counsel for such Indemnified Person reasonably satisfactory to the Lessee, have a reasonable possibility of otherwise compromising or jeopardizing any substantial interests of the Indemnified Person or, (6) the Lessee shall not have furnished the Indemnified Person with an opinion of independent counsel reasonably satisfactory to such Indemnified Person to the effect that there exists a meritorious basis for contesting such Indemnified Matters. The Indemnified Person may participate at its own expense in any proceeding controlled by the Lessee pursuant to the preceding provisions.

The Indemnified Person shall supply the Lessee with such information requested by the Lessee as in the reasonable opinion of counsel to such Indemnified Person is necessary or advisable for the Lessee to control or participate in any proceeding to the extent permitted by this § 9.5. Unless the Lessee is excluded from control of a proceeding involving an Indemnified Person pursuant to the preceding paragraph or Default or an Event of Default has occurred and is continuing, such Indemnified Person shall not enter into a settlement or other compromise with respect to any Indemnified Matter without prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless such Indemnified Person waives its right to be indemnified with respect to such Indemnified Matter.

After the payment in full to an Indemnified Person by the Lessee in respect of any Indemnified Matter pursuant to this § 9.5, if such Indemnified Person shall receive any payments in respect of such Indemnified Matter from any person other than the Lessee, such Indemnified Person shall promptly pay to the Lessee the amount of such payment, together with any interest (other than interest for the period, if any, after such Indemnified Matter was paid by such Indemnified Person until such Indemnified Matter was paid or reimbursed by the Lessee) received by such Indemnified Person on account of such payment.

Nothing in this § 9.5 shall be deemed to constitute a guarantee by the Lessee of the residual value of the Units or of the payment of the CSA Indebtedness.

9.6. Survival. The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation which do not already exist in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

9.7. Payments for Indemnification. All payments hereunder shall be made directly to the Indemnified Person.

9.8. Reports. The Lessee agrees at its expense to prepare and deliver to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Owner of the Units or the leasing thereof to the Lessee.

§ 10. DEFAULT

10.1. Events of Default; Remedies. 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) payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence or Termination pursuant to § 7 hereof shall not be made by the Lessee when such payment is due and such default shall continue for 12 business days;

(b) default shall be made in the observance or performance of any of the conditions and agreements on the part of the Lessee contained in §§ 9.2 and 9.3 hereof, and such default shall continue for 30 days after written notice from the Vendor to the Owner-

Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied; provided, however, that, if at the end of such 30-day grace period the Lessee shall in good faith be diligently proceeding to cure such default, the grace period shall continue until the earlier of (i) the date on which the Lessee shall fail in good faith to diligently proceed to cure such default or (ii) the date on which the Vendor or the Owner-Trustee shall give written notice to the Lessee that the Lessee's delay in effecting the cure materially affects the rights of the Vendor or the Owner-Trustee hereunder; or

(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, in the Participation Agreement or the Consent, and such default shall continue for 30 days after written notice from the Owner-Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(d) 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;

(e) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Consent and the Indemnity Agreement (as defined in the Participation Agreement) shall not have been and shall not continue to be duly assumed in writing within 60 days after such petition shall have been filed, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as

expenses of administration and obligations incurred by such trustee or trustees;

(f) 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, the Consent or the Indemnity Agreement, 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, the Consent and the Indemnity Agreement shall not have been and shall not continue to be 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;

(g) an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder or under its Documents (as defined in the Participation Agreement); or

(h) any of the Lessee's representations or warranties made herein, in the Participation Agreement or in the Consent or any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be breached or found to be false or misleading in any material respect;

then, in any such case, the Owner-Trustee, at its option, may,

(aa) 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

(bb) 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 under this Lease to the extent that this Lease provides that the obligations of the Lessee survive the termination or expiration hereof; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, 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 Owner-Trustee 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 Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) 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 (2) the then present value of the rentals which the Owner-Trustee 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 10% per annum discount, compounded semiannually from the respective dates upon which rentals would

have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; 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 Owner-Trustee reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) and (y) of this part (bb) with respect to such Unit, shall demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee 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 remedies of the Owner and the Owner-Trustee with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

10.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Owner and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of

any offset or claim which may be asserted by the Lessee or on its behalf.

10.3. Failure To Exercise Rights is not Waiver. The failure of the Owner-Trustee 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, and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Owner-Trustee.

10.4. Notice of Event of Default to Owner-Trustee. The Lessee also agrees to furnish the Owner-Trustee, the Owner and the Vendor, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under this Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, 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 official 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

11.1. Return of Units. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the condition required by § 9.3 hereof and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner place such Units upon such storage tracks as shall reasonably be designated by the Owner-Trustee,

(b) cause such units to be stored on such tracks without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee, and

(c) cause the Units to be moved to the nearest interchange point or points as shall be designated by the Owner-Trustee.

The assembling, delivery, storage 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 Owner-Trustee 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 permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. In the event that the Units or any thereof are sold the Lessee shall pay to the Owner-Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

11.2. Owner-Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee 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 Owner-Trustee, 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

12.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Owner-Trustee

without the consent of the Lessee, provided that such assignee is the Vendor or a financial institution with a combined capital and surplus of at least $50,000,000, but the Lessee shall not be under any obligation to any assignee of the Owner-Trustee other than the Vendor except upon written notice of such assignment from the Owner-Trustee and no greater obligations will be imposed on the Lessee on account of such assignment. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7, 9.5 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner (other than indemnities payable to the Owner-Trustee in its individual capacity) and the respective assigns of the Owner and the Owner-Trustee.

12.2. Lessee's Right To Use the Units. (1) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA, subject to the provisions of § 4.2 of this Lease. The Lessee agrees not to use the Units in Canada to the extent that the use of the Units would cause the same to be property which is used predominately outside the United States within the meaning of Section 48(a)(2) of the Internal Revenue Code of 1954 as amended. Any use of the Units in Canada shall be exclusively within the provinces of Ontario and Quebec, but may be extended to other provinces if the Lessee (i) gives notice to the Vendor and the Owner-Trustee of the Lessee's intent to use the Units in locations in Canada outside of the provinces of Ontario and Quebec not less than 30 days prior to the commencement of such use and (ii) prior to such use the Lessee delivers an opinion of counsel to the Vendor and the Owner-Trustee, in form, scope and substance satisfactory to the Vendor and the Owner-Trustee, to the effect that the Lessee has caused all publications, notices and filings to be made as shall be necessary to protect the interest of the Owner-Trustee in the Units in such locations in Canada outside of the provinces of Ontario and Quebec and to protect the security interest of the Vendor in the Units and in the income and proceeds of the Equipment while any Units are in such locations in Canada outside of the provinces of Ontario and Quebec.

(2) The Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them without the prior written consent of the Owner-Trustee

and the Vendor, except as provided in paragraph (3) of this § 12.2; and the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units without the prior written consent of the Owner-Trustee and the Vendor except as provided in said paragraph (3).

(3) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of any railroad or other trackage over which railroad equipment is regularly operated and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through or trip-lease agreements and to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not assign, sublease or use or permit the assignment, sublease or use of any Unit except upon the terms and conditions of this Lease and the CSA, nor shall the Lessee assign or sublease to or permit the sublease or use of the Units by any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code. Any sublease permitted by this paragraph shall be expressly subordinate to the right and remedies of the Vendor under the CSA and the Owner-Trustee under this Lease in respect of the Units covered by such sublease and no such sublease shall relieve the Lessee of any of its obligations hereunder which, notwithstanding any such sublease, shall remain in full force and effect.

12.3. Lessee's Duty To Discharge Encumbrances. The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Owner-Trustee or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may be imposed during the term hereof, during the period the Lessee is obligated to pay rental hereunder or during the period any Unit is in the possession of the Lessee following default, on or with respect to any Unit (including any accession thereto) or the interest of the Owner-Trustee, the Vendor or the Lessee therein; except that this covenant will not be breached by reason of liens, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialman's,

mechanic's, workmen's, repairmen's or other like liens arising in the ordinary course of business in each case not delinquent, and furthermore, the Lessee shall be under no obligation to discharge any such lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the Owner-Trustee or the Vendor advises the Lessee in writing that the failure to discharge the same does not adversely affect the title, property or rights of the Owner-Trustee or the Vendor under the Documents.

12.4. Merger, Acquisition or Consolidation. 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 incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Consent by an appropriate instrument in writing) 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.

12.5. Mileage. During the term of this lease the Lessee shall receive, insofar as applicable law and regulations allow, all mileage allowances, rentals and/or compensation payable by carriers by reason of the use of any unit (hereinafter called "mileage") leased to the Lessee hereunder. It is understood and agreed that if for any reason the Owner-Trustee receives any mileage, then (unless an Event of Default shall have occurred and be continuing) the Owner-Trustee shall promptly remit such mileage to the Lessee.

§ 13. PURCHASE AND RENEWAL OPTIONS

13.1. Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than six months prior to the end of the original term of this Lease, elect to purchase all of the Units in any Group or in both Groups

at a purchase price equal to the lesser of the Fair Market Value thereof or 80% of the Purchase Price thereof. If the Lessee shall deliver such notice, the purchase specified therein shall be consummated on the last day of the original term of this Lease. Upon payment of the purchase price of any Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Unit such as will transfer to the Lessee such title to such Unit as the Owner-Trustee derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Owner-Trustee.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or prior to 60 days before the proposed date of sale the Owner-Trustee and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units to be sold, such value shall be determined in accordance with the foregoing definition by an Appraiser. The Appraiser shall be instructed to make such determination within a period of 20 days following appointment and shall promptly communicate such determination in writing to the Owner-Trustee and the Lessee. The determination so made shall be conclusively binding upon both the Owner-Trustee and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee. The term Appraiser shall mean such independent appraiser as the Owner-Trustee may select with the approval of the Lessee, or failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by the Owner-Trustee, the second by the Lessee and the third designated by the first two so selected.

13.2. Renewal Options. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Owner-Trustee (which notice shall be irrevocable) not less than six months nor more than one year prior

to the end of the then current term of this Lease, elect to extend the original or extended term of this Lease in respect of all, but not less than all, the Units in any Group or in both Groups then covered by this Lease either for up to two 10-year periods or for up to four five-year periods. The rental payable during each extended term shall be payable semiannually on the anniversaries of the payment dates of the preceding term of this Lease in each year of such extended term and shall be in an amount equal to the "Fair Market Rental". Fair Market Rental shall be determined for each extended term 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, cost of removal from the location of current use shall not be a deduction from such rental. If on or prior to 60 days before the commencement of the extended term, the Owner-Trustee and Lessee are unable to agree upon the determination of the Fair Market Rental of the Units to be leased, such rental shall be determined in accordance with the foregoing definition by an appraiser in the manner described in the second paragraph of § 13.1 hereof. The Casualty Values applicable to any extended term shall be equal to the estimated Fair Market Value of the Units at each rental payment date under the extended term. If on or prior to 60 days before the commencement of the extended term, the Owner-Trustee and the Lessee are unable to agree upon a determination of such Casualty Values, such Casualty Values shall be determined by an appraiser in a manner described in the second paragraph of § 13.1 hereof.

§ 14. RETURN OF UNITS UPON EXPIRATION OF TERM

On or prior to the termination of the term of this Lease (or any renewal pursuant to § 13 hereof) the Lessee will, at its own cost and expense, at the request of the Owner-Trustee, deliver possession of the Units to the Owner-Trustee upon such storage tracks as the Owner-Trustee may reasonably designate (but in no event at more than three locations), or, in absence of such designation, as the Lessee may select, and permit the Owner-Trustee to store such Units on such tracks for a period not exceeding 60 days from the date at which at least 90% of the Units then subject to this Lease are first placed in storage; the assembly, delivery, storage and transporting of such Unit to be at the

expense and risk of the Lessee. Arrival of a Unit at the designated point shall constitute "Return" for the purposes hereof. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same at the storage locations; provided, however, that the Lessee shall not be liable except in the case of negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, 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 Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 14 shall (i) be in the condition required by § 9.3 hereof, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at the Lessee's expense any part title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, provided that the Lessee shall not be required to make any additions, modifications or improvements which would not be required of the Lessee if the Lessee continued to operate the Units. If any Unit suffers a Casualty Occurrence during any storage period provided for in this § 14, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit as determined in accordance with § 7 hereof. The Lessee shall pay rental at the rate of .043151% of the Purchase Price of such Unit per day for any Unit not returned to the Owner-Trustee immediately upon expiration of the termination of the initial or any extended term of this Lease. Nothing contemplated by this § 14, including payment by the Lessee of the above-specified amounts, shall be deemed to relieve the Lessee from its obligations to assemble, deliver and store the Units or affect the Owner-Trustee's rights and remedies with respect to such obligation.

§ 15. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the Lease Assignment and any assignment hereof or thereof to be filed and recorded (i) with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303 and (ii) in the applicable office of Ontario. The Lessee will undertake the filing, registering, deposit and recording required of the Owner-Trustee 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 reflile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Owner-Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA or the Lease Assignment.

The Lessee will promptly furnish to the Vendor and the Owner-Trustee 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 Owner-Trustee. This Lease and the CSA shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. LESSOR'S RIGHT TO PERFORM; INTEREST ON OVERDUE RENTALS

Should the Lessee fail to make any payment or to do any act as provided by this Lease, then the Owner-Trustee shall have the right (but not the obligation), without notice to the Lessee of its intention to do so and without releasing the Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Units or the Owner-Trustee's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of the Owner-Trustee appears to affect the Units, and in exercising any such rights, the Owner-Trustee may insure any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by the Owner-Trustee shall be due and payable by the Lessee within ten days of notice thereof. 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 an amount equal to interest at a rate equal to the lesser of 16-3/4% per annum or the highest rate as may be legally enforceable on the overdue rentals and other obligations for the period of time during which they are overdue.

§ 17. NOTICES

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

> if to the Owner-Trustee, at 130 South LaSalle Street, Chicago, Illinois 60603, Attention of Corporate Trust Officer; with a copy to the Owner at 600 Summer Street, P. O. Box 601, Stamford, Connecticut 06904, Attention of Vice President Special Financings;
>
> if to the Lessee, at P.O. Box 1219R, Columbia Road and Park Avenue, Morristown, New Jersey 07960, Attention of Assistant Treasurer;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Copies of each such notice shall be given to the Vendor at 135 South La Salle Street, Chicago, Illinois 60690, attention of Corporate Trust Officer or such other address designated by the Vendor. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Vendor regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 18. SEVERABILITY; EFFECT AND MODIFICATION OF LEASE; THIRD-PARTY BENEFICIARIES

18.1. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall

not invalidate or render unenforceable such provision in any other jurisdiction.

18.2. Effect of Modification of Lease. This Lease and the Indemnity Agreement exclusively and completely state the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersede all other agreements, oral or written, with respect thereto, except the Participation Agreement. 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 Owner-Trustee and the Lessee.

18.3. No Third-Party Beneficiaries. Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

§ 19. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof.

§ 20. IMMUNITIES: NO RECOURSE

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the representations, undertakings, covenants, warranties and agreements herein made on the part of the financial institution acting as Owner-Trustee are made and intended not as personal representations, undertakings, covenants, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution 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 said financial institution not in its own right but solely in the exercise of the powers expressly conferred upon it 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 financial institution or the Owner on account of this Lease or on account of any representations, undertaking, covenant, warranty or agreement of the Owner-Trustee (except, in the case of the Owner-Trustee only, in the case of gross negligence or wilful misconduct of the Owner-Trustee), either expressed or implied, all such personal liability against either said financial institution or the Owner, if any, being expressly waived and released by the Lessee, the Vendor and by all persons claiming by, through or under either of them.

§ 21. LAW GOVERNING

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

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

EXCHANGE NATIONAL BANK OF CHICAGO, not in its individual capacity, but solely as Owner-Trustee, under the aforesaid Trust Agreement,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

ALLIED CORPORATION,

by

_____
Assistant Treasurer

[Corporate Seal]

Attest:

_____
Assistant Secretary

STATE OF NEW JERSEY,)
) ss.:
COUNTY OF MORRIS,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Assistant Treasurer of ALLIED CORPORATION, a New York 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

_____
Notary Public

[Notarial Seal]

My Commission Expires

Units of Railroad Equipment

Builder	Type	AAR Mechanical Designation	Quantity	Lessee's Identification Numbers (Both Inclusive)
Richmond Tank Car Company	23,700 gallon acid pressure tank cars	112-S-400W	23	ACTX 423000-423022
General American Transportation Corporation	20,000 gallon coal tar products tank cars	111-A-100W-2	17	ACTX 420112-420128

CASUALTY AND TERMINATION VALUES

Rental Payment Date	Percentage of Purchase Price*
July 1, 1982	113.3647
January 1, 1983	116.3321
July 1, 1983	112.8614
January 1, 1984	114.6107
July 1, 1984	110.4541
January 1, 1985	111.3685
July 1, 1985	106.6804
January 1, 1986	106.9158
July 1, 1986	101.7804
January 1, 1987	101.5377
July 1, 1987	95.8578
January 1, 1988	95.0019
July 1, 1988	93.3530
January 1, 1989	91.7749
July 1, 1989	89.5879
January 1, 1990	87.4104
July 1, 1990	84.6236
January 1, 1991	81.7580
July 1, 1991	78.3348
January 1, 1992	74.7364
July 1, 1992	70.6443
January 1, 1993	65.7428
July 1, 1993	61.6570
January 1, 1994	56.6236
July 1, 1994	52.1563
January 1, 1995	46.7726
July 1, 1995	41.9317
January 1, 1996	36.1077
July 1, 1996	30.9754
January 1, 1997	24.8795
July 1, 1997	26.2001

* As defined in the CSA.

ANNEX D
[CS&M Ref. 5562-004]

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1981, ("Assignment"), by and between EXCHANGE NATIONAL BANK OF CHICAGO ("Owner-Trustee"), acting not in its individual capacity but solely as trustee under the Trust Agreement dated as of the date hereof with Litton Equity Investments, Inc. ("Owner"), and LaSALLE NATIONAL BANK ("Agent") as Agent for one or more Investors under a Participation Agreement dated as of the date hereof ("Investors").

The Owner-Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Richmond Tank Car Company and General American Transportation Corporation (the "Builders"), providing for the sale to the Owner-Trustee of such units of railroad equipment ("Units") described in Annex B thereto as are delivered to and accepted by the Owner-Trustee thereunder.

The Owner-Trustee and Allied Corporation ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the leasing by the Owner-Trustee to the Lessee of the Units.

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

1. The Owner-Trustee hereby assigns, transfers and sets over unto the Agent, as collateral security for the payment and performance of the obligations of the Owner-Trustee under the CSA, all the right, title and interest, powers, privileges, and other benefits of the Owner-Trustee under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Owner-Trustee from the Lessee whether as rent, casualty payment, termination payment, indemnity, liquidated damages or otherwise (such moneys, other than Excluded Payments as hereinafter defined, being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Owner-Trustee is or may

become entitled to do under the Lease. The Owner-Trustee does not assign to the Agent, and the Agent shall have no right or interest in and to, any Excluded Payments. As used herein, the term "Excluded Payments" shall mean (i) payments by the Lessee to the Owner for its own account or to the Owner-Trustee for its own account pursuant to §§ 6 and 9.5 of the Lease and (ii) any proceeds payable under liability insurance policies to or for the benefit of the Owner or the Owner-Trustee for its own account. In furtherance of the foregoing assignment and subject to Section 11 hereof, the Owner-Trustee hereby irrevocably authorizes and empowers the Agent in its own name, or in the name of its nominee, or in the name of the Owner-Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Owner-Trustee is or may become entitled to under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Agent agrees to accept any Payments made by the Lessee for the account of the Owner-Trustee pursuant to the Lease. To the extent received, the Agent will apply such Payments to satisfy the obligations of the Owner-Trustee under the CSA, and to provide for the payments required to be made by the Owner-Trustee pursuant to §§ 2.5 and 9.1 of the Participation Agreement, and, so long as no Event of Default shall have occurred and be continuing under the CSA, any balance shall be paid to the Owner-Trustee on the same date such Payment is applied to satisfy such obligations of the Owner-Trustee, by check mailed to the Owner-Trustee on such date or, upon written request of the Owner-Trustee, by bank wire to the Owner at such address as may be specified to the Agent in writing, and such balance shall be retained by the Owner-Trustee. If the Agent shall not receive any rental payment under § 3 of the Lease when due, the Agent shall notify the Owner-Trustee at the address set forth in the Lease; provided, however, that the failure of the Agent so to notify the Owner-Trustee shall not affect the obligations of the Owner-Trustee hereunder or under the CSA.

Any Excluded Payment received by the Agent shall be immediately paid to the Owner or the Owner-Trustee entitled to receive the same.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Agent to, or transfer, or pass, or in any way affect or modify the liability of the Owner-

Trustee under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Owner-Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Owner-Trustee or persons other than the Agent.

3. The Owner-Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Owner-Trustee; without the written consent of the Agent, subject to Section 11 hereof, the Owner-Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease, and the Owner-Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. Subject to Section 11 hereof, the Owner-Trustee does hereby constitute the Agent the true and lawful attorney of the Owner-Trustee, irrevocably, with full power (in the name of the Owner-Trustee, or otherwise), to ask, require, demand, receive and compound any and all Payments due and to become due under or arising out of the Lease to which the Owner-Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Agent may seem to be necessary or advisable in the premises.

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

6. The Owner-Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Owner-Trustee, its successors and assigns (other than the Agent or any

successor trustee under the Trust Agreement) which result from claims not related to the ownership of the Equipment or the administration of the Trust Estate or any other transaction contemplated by its Documents (as defined in the Participation Agreement), and, to the extent it receives funds sufficient for such purpose from the Owner, from, through or under the Owner and its successors and assigns (and also, to the extent that it receives funds sufficient for such purpose from the Owner, including taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment or the Owner-Trustee's interest in the Lease and the payments to be made thereunder, but the Owner-Trustee shall not be required to pay or discharge any such tax, claim, lien, charge or security interest so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not in the reasonable opinion of the Agent adversely affect the security interest of the Agent in the Equipment, the Lease, its interest in the income and proceeds from the Equipment or the Lease.

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

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

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

10. The Owner-Trustee shall cause copies of all notices received in connection with the Lease, and all payments hereunder to be promptly delivered or made to the Agent at its address set forth in Article 21 of the CSA, or at such other address as the Agent shall designate.

11. The Agent hereby agrees with the Owner-Trustee that the Agent will not, so long as no Event of Default under the Lease, or event of default under the CSA, has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Owner-Trustee to the Agent by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Owner-Trustee may, so long as no event of default under the CSA or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits.

Unless and until an Event of Default under the Lease, or an event of default under the CSA, has occurred and is continuing, the Owner-Trustee shall have the right, without the concurrence of the Agent, to adjust the rentals, Casualty Values and Termination Values pursuant to § 3 of the Lease and to exercise the rights of the Lessor under §§ 7.7, 13 and 14 of the Lease; at all times the Owner-Trustee may, without the concurrence of the Agent, receive all notices, certificates, opinions of counsel and other documents and information to be furnished to the Owner-Trustee under the Lease; at all times the Owner-Trustee shall have the right to proceed by appropriate court action either at law or in equity to enforce the performance by the Lessee of its obligations with respect to Excluded Payments or to recover damages for the breach thereof as provided in § 10(aa) of the Lease but may not declare an Event of Default under or terminate the Lease. The Agent may not at any time, without the concurrence of the Owner and the Owner-Trustee, amend, modify or supplement or give or accept any waiver or consent with respect to, the Lease so as to increase the liabilities or diminish the immunities of the Owner or the Owner-Trustee or reduce the amount or extend the time of payment of any Excluded Payment then due and payable or change any of the circumstances under which Excluded Payments are payable.

12. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings, covenants, warranties and agreements herein made on the part of the financial institution acting as Owner-Trustee hereunder are made and intended not as per-

sonal representations, undertakings, covenants, warranties and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Assignment is executed and delivered by the said institution solely in the exercise of its powers expressly conferred upon it 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 institution or the Owner on account of this Agreement or on account of any representation, undertaking, covenant, warranty or agreement herein (except, in the case of the Owner-Trustee only, as provided in Section 6 hereof or in the case of gross negligence or wilful misconduct of the Owner-Trustee), either express or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

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

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity,
but solely as trustee under the
aforesaid Trust Agreement,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

LA SALLE NATIONAL BANK,
as Agent,

by

[Corporate Seal] Vice President

Attest:

_____
Assistant Secretary

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

[Notarial Seal] _____ Notary Public

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

[Notarial Seal] _____ Notary Public

My Commission expires

CONSENT AND AGREEMENT

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

(1) it will pay or cause to be paid all rentals, casualty payments, termination payments, liquidated damages, indemnities (except for Excluded Payments as defined in the Lease Assignment) and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to LA SALLE NATIONAL BANK, as Agent ("Agent"), the assignee named in the Lease Assignment, 135 South La Salle Street, Chicago, Illinois 60690, Attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Agent);

(2) the Agent shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Agent were named therein as the lessor;

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

(4) the Lease shall not, without the prior written consent of the Agent, be terminated (except in accordance with its terms) or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the

Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said state.

ALLIED CORPORATION,

by

[Corporate Seal]

_____
Assistant Treasurer

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of August 1, 1981.

LA SALLE NATIONAL BANK,
as Agent,

by

_____
Vice President

RECORDATION NO. 13250-A
Filed 1425

SEP 30 1981 -2 30 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 5562-004]

AGREEMENT AND ASSIGNMENT

Dated as of August 1, 1981

Between

RICHMOND TANK CAR COMPANY,

GENERAL AMERICAN TRANSPORTATION CORPORATION,

and

LA SALLE NATIONAL BANK,

as Agent.

AGREEMENT AND ASSIGNMENT dated as of August 1, 1981, between RICHMOND TANK CAR COMPANY and GENERAL AMERICAN TRANSPORTATION CORPORATION (the "Builders") and LA SALLE NATIONAL BANK, acting as Agent under a Participation Agreement dated as of the date hereof ("Participation Agreement"), said Agent, as so acting, being hereinafter called the Assignee.

The Builders and EXCHANGE NATIONAL BANK OF CHICAGO, as Trustee ("Owner-Trustee") under a Trust Agreement dated as of August 1, 1981 ("Trust Agreement"), with Litton Equity Investments, Inc., have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA") covering the sale and delivery, on the conditions therein set forth, by the Builders and the purchase by the Owner-Trustee of the railroad equipment described in Annex B to the CSA ("Equipment").

The Owner-Trustee and ALLIED CORPORATION ("Lessee"), have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the lease to the Lessee of the Equipment.

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: that in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual convenants herein contained, the parties hereto agree as follows:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of such Builder in and to each unit of the Equipment manufactured by it when and as severally delivered to and accepted by the Owner-Trustee, subject to payment by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to deliver the Equipment and the right to receive the payments specified in subparagraph (a) of § 4.3 thereof and reimbursement for taxes paid or incurred by such Builder), and except as aforesaid in and to any and all amounts which may be or become due or owing to such Builder under the CSA on account of the indebtedness in respect of the Purchase Price (as defined in the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Owner-Trustee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) of this paragraph, all the rights, titles, powers, privileges and remedies of such Builder under the CSA;

without any recourse hereunder, however, against such Builder for or on account of the failure of the Owner-Trustee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the obligations of such Builder to deliver the Equipment in accordance with the CSA or with respect to its warranties and agreements referred to in Article 14 of the CSA or relieve the Owner-Trustee from its obligations to such Builder contained in Articles 2, 3, 4, 6 and 14 of the CSA, it being understood and agreed that, notwithstanding this Agreement, or any subsequent assignment pursuant to the provisions of Article 15 of the CSA, all obligations of such Builder to the Owner-Trustee with respect to the Equipment shall be and remain enforceable by the Owner-Trustee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee in the Assignee' own name, or in the name of the nominee of the Assignee, or in the name of and as attorney, hereby irrevocably constituted, for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and compliance by the Owner-Trustee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder agrees that the Equipment to be sold by it shall be constructed in full accordance with the CSA and it will deliver the same upon completion

to the Owner-Trustee in accordance with the provisions of the CSA; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder further agrees that it will warrant to the Assignee and the Owner-Trustee that at the time of delivery of each unit of the Equipment manufactured by it under the CSA it had legal title to such unit and good and lawful right to sell such unit and that such unit was free of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Owner-Trustee under the CSA and the rights of the Lessee under the Lease; and each Builder further agrees that it will defend the title to such unit against the demands of all persons whomsoever, except to the extent not warranted above, based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Owner-Trustee thereunder. The Builders will not deliver any of the Equipment to the Owner-Trustee under the CSA until the CSA and the Lease have been filed and recorded in accordance with 49 U.S.C. § 11303 with the Interstate Commerce Commission (each Builder and its counsel being entitled to rely on advice from special counsel for the Assignee that such filing and recordation have occurred).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expenses, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever claimed by the Owner-Trustee or the Lessee arising out of a breach by such Builder of any obligation with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Owner-Trustee or the Lessee by such Builder (in which latter case such Builder will be subrogated to any claim of the Assignee against the Owner-Trustee or Lessee, as the case may be, with respect to the matter indemnified against). The obligation of the Builders so to indemnify, protect and hold harmless the Assignee is conditional upon (a) timely motion or other appropriate action by the Assignee, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Owner-

Trustee or the Lessee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, prompt notification by the Assignee to such Builder of the asserted defense, setoff, counterclaim or recoupment and giving by the Assignee to such Builder the right, at its expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Owner, the Owner-Trustee or the Lessee and not manufactured by a Builder and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by a Builder, each Builder agrees, except as otherwise specifically provided in Annex A to the CSA, to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee or its assigns because of the use in or about the construction or operation of any of the Equipment manufactured by such Builder of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to a Builder of any claim actually known to the Assignee which is based upon any such alleged infringement and will give such Builder the right, at the expense of such Builder, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Owner-Trustee or the Lessee with respect to the Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as referred to in said Article 4) of the Equipment, shall pay to the appropriate Builder an amount equal to the portion of the Purchase Price thereof which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee on or prior to such Closing Date, the following documents, in form and substance satisfactory to it and to Messrs. Cravath, Swaine & Moore, its special counsel, in

such number of counterparts as may be reasonably requested by said special counsel:

(a) a bill or bills of sale from the Builder of the Units of Equipment being settled for to the Assignee transferring to the Assignee the security interest of such Builder in such units, warranting to the Assignee and to the Owner-Trustee that, at the time of delivery of such units under the CSA, such Builder had legal title to such units and good and lawful right to sell such units and such units were free of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Owner-Trustee under the CSA and the rights of the Lessee under the Lease, and covenanting to defend the title to such units against demands of all persons whomsoever, to the extent of such warranty, based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of the Equipment in such Group as contemplated by Article 3 of the CSA and § 2 of the Lease;

(c) an invoice of the Builder for the units of the Equipment in such Group accompanied by or having endorsed thereon a certification by the Owner-Trustee and the Lessee as to their approval thereof;

(d) an opinion of counsel for the Builder, dated as of such Closing Date, addressed to the Assignee and the Owner-Trustee, to the effect that the bill or bills of sale described in subsection (a) hereof have been duly authorized, executed and delivered by such Builder and, assuming that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303, are valid and effective to convey good and lawful title to the units of the Equipment in such Group to the Owner-Trustee and to vest in the Assignee the security interest of such Builder in the units of the Equipment in such Group, free from all claims, liens, security interests and other encumbrances (other than those created by the CSA and the rights of the Lessee under the Lease) arising from, through or under such Builder;

(e) a receipt from such Builder for any payment (other than the payment being made by the Assignee

pursuant to the first paragraph of this Section 4) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Owner-Trustee; and

(f) such other certificates or opinions as the Assignee may reasonably request.

The obligation of the Assignee hereunder to make payment for any of the Equipment assigned hereunder is hereby expressly conditioned upon the Assignee having on deposit or available upon the liquidation of investments, pursuant to the terms of the Participation Agreement, sufficient funds available to make such payment and upon payment by the Owner-Trustee of the amount required to be paid by it pursuant to § 4.3(a) of Article 4 of the CSA. In the event that the Assignee shall not make any such payment, the Assignee shall reassign to the Builders, without recourse to the Assignee, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Owner-Trustee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, and upon giving the written notice required in Article 15 of the CSA, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee, the Owner-Trustee and their successors and assigns, that the CSA and this Assignment were duly authorized by it and lawfully executed and delivered by it for a valid consideration, and that, assuming due authorization, execution and delivery by the Owner-Trustee and the Assignee, the CSA and this Assignment are, insofar as such Builder is concerned, legal, valid and existing agreements binding upon such Builder in accordance with their terms and that they are now in force without amendment thereto;

(b) agrees that, subsequent to the payment in full of the Purchase Price, at the request of the Assignee or its successors or assigns, it will make, execute and deliver all such further instruments of assignment, transfer and assurance and do all such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, its successors or assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment.

SECTION 7. The terms of this Assignment 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 the rights conferred by 49 U.S.C. § 11303, such additional rights arising out of the filing, recording or depositing of the CSA and this Assignment as shall be conferred by the laws of the several jurisdictions in which the CSA or this Assignment shall be filed, recorded or deposited, or in which any unit of the Equipment shall be located, and any rights arising out of the marking on the units of Equipment.

SECTION 8. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Assignee shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or

are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

RICHMOND TANK CAR COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by

Senior Vice President

[Corporate Seal]

Attest:

Assistant Secretary

LA SALLE NATIONAL BANK,
as Agent,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

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

On this 28th day of September 1981, before me personally appeared Jim Herring, to me personally known, who being by me duly sworn, says that he is a Vice President of RICHMOND TANK CAR COMPANY, a Delaware 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.

M. Kay White
Notary Public
M. KAY WHITE
Notary Public in and for the State of Texas
My Commission expires March 5, 1985

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Senior Vice President of GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who being by me duly sworn, says that he is Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

_____
Notary Public

[Notarial Seal]

My Commission expires

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the assignment made by, the foregoing Agreement and Assignment is hereby acknowledged as of August 1, 1981.

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but
solely as trustee under the aforesaid Trust Agreement,

by

_____
Vice President

[CS&M Ref. 5562-004]

AGREEMENT AND ASSIGNMENT

Dated as of August 1, 1981

Between

RICHMOND TANK CAR COMPANY,

GENERAL AMERICAN TRANSPORTATION CORPORATION,

and

LA SALLE NATIONAL BANK,

as Agent.

AGREEMENT AND ASSIGNMENT dated as of August 1, 1981, between RICHMOND TANK CAR COMPANY and GENERAL AMERICAN TRANSPORTATION CORPORATION (the "Builders") and LA SALLE NATIONAL BANK, acting as Agent under a Participation Agreement dated as of the date hereof ("Participation Agreement"), said Agent, as so acting, being hereinafter called the Assignee.

The Builders and EXCHANGE NATIONAL BANK OF CHICAGO, as Trustee ("Owner-Trustee") under a Trust Agreement dated as of August 1, 1981 ("Trust Agreement"), with Litton Equity Investments, Inc., have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA") covering the sale and delivery, on the conditions therein set forth, by the Builders and the purchase by the Owner-Trustee of the railroad equipment described in Annex B to the CSA ("Equipment").

The Owner-Trustee and ALLIED CORPORATION ("Lessee"), have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the lease to the Lessee of the Equipment.

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: that in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual convenants herein contained, the parties hereto agree as follows:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of such Builder in and to each unit of the Equipment manufactured by it when and as severally delivered to and accepted by the Owner-Trustee, subject to payment by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to deliver the Equipment and the right to receive the payments specified in subparagraph (a) of § 4.3 thereof and reimbursement for taxes paid or incurred by such Builder), and except as aforesaid in and to any and all amounts which may be or become due or owing to such Builder under the CSA on account of the indebtedness in respect of the Purchase Price (as defined in the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Owner-Trustee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) of this paragraph, all the rights, titles, powers, privileges and remedies of such Builder under the CSA;

without any recourse hereunder, however, against such Builder for or on account of the failure of the Owner-Trustee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the obligations of such Builder to deliver the Equipment in accordance with the CSA or with respect to its warranties and agreements referred to in Article 14 of the CSA or relieve the Owner-Trustee from its obligations to such Builder contained in Articles 2, 3, 4, 6 and 14 of the CSA, it being understood and agreed that, notwithstanding this Agreement, or any subsequent assignment pursuant to the provisions of Article 15 of the CSA, all obligations of such Builder to the Owner-Trustee with respect to the Equipment shall be and remain enforceable by the Owner-Trustee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee in the Assignee' own name, or in the name of the nominee of the Assignee, or in the name of and as attorney, hereby irrevocably constituted, for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and compliance by the Owner-Trustee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder agrees that the Equipm to be sold by it shall be constructed in full accordance with the CSA and it will deliver the same upon complet

to the Owner-Trustee in accordance with the provisions of the CSA; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder further agrees that it will warrant to the Assignee and the Owner-Trustee that at the time of delivery of each unit of the Equipment manufactured by it under the CSA it had legal title to such unit and good and lawful right to sell such unit and that such unit was free of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Owner-Trustee under the CSA and the rights of the Lessee under the Lease; and each Builder further agrees that it will defend the title to such unit against the demands of all persons whomsoever, except to the extent not warranted above, based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Owner-Trustee thereunder. The Builders will not deliver any of the Equipment to the Owner-Trustee under the CSA until the CSA and the Lease have been filed and recorded in accordance with 49 U.S.C. § 11303 with the Interstate Commerce Commission (each Builder and its counsel being entitled to rely on advice from special counsel for the Assignee that such filing and recordation have occurred).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expenses, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever claimed by the Owner-Trustee or the Lessee arising out of a breach by such Builder of any obligation with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Owner-Trustee or the Lessee by such Builder (in which latter case such Builder will be subrogated to any claim of the Assignee against the Owner-Trustee or Lessee, as the case may be, with respect to the matter indemnified against). The obligation of the Builders so to indemnify, protect and hold harmless the Assignee is conditional upon (a) timely motion or other appropriate action by the Assignee, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Owner-

Trustee or the Lessee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, prompt notification by the Assignee to such Builder of the asserted defense, setoff, counterclaim or recoupment and giving by the Assignee to such Builder the right, at its expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Owner, the Owner-Trustee or the Lessee and not manufactured by a Builder and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by a Builder, each Builder agrees, except as otherwise specifically provided in Annex A to the CSA, to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee or its assigns because of the use in or about the construction or operation of any of the Equipment manufactured by such Builder of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to a Builder of any claim actually known to the Assignee which is based upon any such alleged infringement and will give such Builder the right, at the expense of such Builder, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Owner-Trustee or the Lessee with respect to the Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as referred to in said Article 4) of the Equipment, shall pay to the appropriate Builder an amount equal to the portion of the Purchase Price thereof which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee on or prior to such Closing Date, the following documents, in form and substance satisfactory to it and to Messrs. Cravath, Swaine & Moore, its special counsel, in

such number of counterparts as may be reasonably requested by said special counsel:

(a) a bill or bills of sale from the Builder of the Units of Equipment being settled for to the Assignee transferring to the Assignee the security interest of such Builder in such units, warranting to the Assignee and to the Owner-Trustee that, at the time of delivery of such units under the CSA, such Builder had legal title to such units and good and lawful right to sell such units and such units were free of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Owner-Trustee under the CSA and the rights of the Lessee under the Lease, and covenanting to defend the title to such units against demands of all persons whomsoever, to the extent of such warranty, based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of the Equipment in such Group as contemplated by Article 3 of the CSA and § 2 of the Lease;

(c) an invoice of the Builder for the units of the Equipment in such Group accompanied by or having endorsed thereon a certification by the Owner-Trustee and the Lessee as to their approval thereof;

(d) an opinion of counsel for the Builder, dated as of such Closing Date, addressed to the Assignee and the Owner-Trustee, to the effect that the bill or bills of sale described in subsection (a) hereof have been duly authorized, executed and delivered by such Builder and, assuming that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303, are valid and effective to convey good and lawful title to the units of the Equipment in such Group to the Owner-Trustee and to vest in the Assignee the security interest of such Builder in the units of the Equipment in such Group, free from all claims, liens, security interests and other encumbrances (other than those created by the CSA and the rights of the Lessee under the Lease) arising from, through or under such Builder;

(e) a receipt from such Builder for any payment (other than the payment being made by the Assignee

pursuant to the first paragraph of this Section 4) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Owner-Trustee; and

(f) such other certificates or opinions as the Assignee may reasonably request.

The obligation of the Assignee hereunder to make payment for any of the Equipment assigned hereunder is hereby expressly conditioned upon the Assignee having on deposit or available upon the liquidation of investments, pursuant to the terms of the Participation Agreement, sufficient funds available to make such payment and upon payment by the Owner-Trustee of the amount required to be paid by it pursuant to § 4.3(a) of Article 4 of the CSA. In the event that the Assignee shall not make any such payment, the Assignee shall reassign to the Builders, without recourse to the Assignee, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Owner-Trustee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, and upon giving the written notice required in Article 15 of the CSA, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee, the Owner-Trustee and their successors and assigns, that the CSA and this Assignment were duly authorized by it and lawfully executed and delivered by it for a valid consideration, and that, assuming due authorization, execution and delivery by the Owner-Trustee and the Assignee, the CSA and this Assignment are, insofar as such Builder is concerned, legal, valid and existing agreements binding upon such Builder in accordance with their terms and that they are now in force without amendment thereto;

(b) agrees that, subsequent to the payment in full of the Purchase Price, at the request of the Assignee or its successors or assigns, it will make, execute and deliver all such further instruments of assignment, transfer and assurance and do all such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, its successors or assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment.

SECTION 7. The terms of this Assignment 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 the rights conferred by 49 U.S.C. § 11303, such additional rights arising out of the filing, recording or depositing of the CSA and this Assignment as shall be conferred by the laws of the several jurisdictions in which the CSA or this Assignment shall be filed, recorded or deposited, or in which any unit of the Equipment shall be located, and any rights arising out of the marking on the units of Equipment.

SECTION 8. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Assignee shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or

are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

RICHMOND TANK CAR COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by George C. Gates

Senior Vice President

[Corporate Seal]

Attest:

Assistant Secretary

LA SALLE NATIONAL BANK,
as Agent,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

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

On this day of 1981, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of RICHMOND TANK CAR COMPANY, a Delaware 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 25th day of Sept. 1981, before me personally appeared GEORGE C. YATES , to me personally known, who being by me duly sworn, says that he is a Senior Vice President of GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York 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.

Raiden L. Poly
Notary Public

[Notarial Seal]

My Commission expires Apr. 29, 1983

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who being by me duly sworn, says that he is Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

_____
Notary Public

[Notarial Seal]

My Commission expires

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the assignment made by, the foregoing Agreement and Assignment is hereby acknowledged as of August 1, 1981.

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but
solely as trustee under the aforesaid Trust Agreement,

by

_____
Vice President

[CS&M Ref. 5562-004]

AGREEMENT AND ASSIGNMENT

Dated as of August 1, 1981

Between

RICHMOND TANK CAR COMPANY,

GENERAL AMERICAN TRANSPORTATION CORPORATION,

and

LA SALLE NATIONAL BANK,

as Agent.

AGREEMENT AND ASSIGNMENT dated as of August 1, 1981, between RICHMOND TANK CAR COMPANY and GENERAL AMERICAN TRANSPORTATION CORPORATION (the "Builders") and LA SALLE NATIONAL BANK, acting as Agent under a Participation Agreement dated as of the date hereof ("Participation Agreement"), said Agent, as so acting, being hereinafter called the Assignee.

The Builders and EXCHANGE NATIONAL BANK OF CHICAGO, as Trustee ("Owner-Trustee") under a Trust Agreement dated as of August 1, 1981 ("Trust Agreement"), with Litton Equity Investments, Inc., have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA") covering the sale and delivery, on the conditions therein set forth, by the Builders and the purchase by the Owner-Trustee of the railroad equipment described in Annex B to the CSA ("Equipment").

The Owner-Trustee and ALLIED CORPORATION ("Lessee"), have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the lease to the Lessee of the Equipment.

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: that in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual convenants herein contained, the parties hereto agree as follows:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of such Builder in and to each unit of the Equipment manufactured by it when and as severally delivered to and accepted by the Owner-Trustee, subject to payment by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to deliver the Equipment and the right to receive the payments specified in subparagraph (a) of § 4.3 thereof and reimbursement for taxes paid or incurred by such Builder), and except as aforesaid in and to any and all amounts which may be or become due or owing to such Builder under the CSA on account of the indebtedness in respect of the Purchase Price (as defined in the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Owner-Trustee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) of this paragraph, all the rights, titles, powers, privileges and remedies of such Builder under the CSA;

without any recourse hereunder, however, against such Builder for or on account of the failure of the Owner-Trustee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the obligations of such Builder to deliver the Equipment in accordance with the CSA or with respect to its warranties and agreements referred to in Article 14 of the CSA or relieve the Owner-Trustee from its obligations to such Builder contained in Articles 2, 3, 4, 6 and 14 of the CSA, it being understood and agreed that, notwithstanding this Agreement, or any subsequent assignment pursuant to the provisions of Article 15 of the CSA, all obligations of such Builder to the Owner-Trustee with respect to the Equipment shall be and remain enforceable by the Owner-Trustee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee in the Assignee' own name, or in the name of the nominee of the Assignee, or in the name of and as attorney, hereby irrevocably constituted, for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and compliance by the Owner-Trustee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder agrees that the Equipment to be sold by it shall be constructed in full accordance with the CSA and it will deliver the same upon completion

to the Owner-Trustee in accordance with the provisions of the CSA; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder further agrees that it will warrant to the Assignee and the Owner-Trustee that at the time of delivery of each unit of the Equipment manufactured by it under the CSA it had legal title to such unit and good and lawful right to sell such unit and that such unit was free of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Owner-Trustee under the CSA and the rights of the Lessee under the Lease; and each Builder further agrees that it will defend the title to such unit against the demands of all persons whomsoever, except to the extent not warranted above, based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Owner-Trustee thereunder. The Builders will not deliver any of the Equipment to the Owner-Trustee under the CSA until the CSA and the Lease have been filed and recorded in accordance with 49 U.S.C. § 11303 with the Interstate Commerce Commission (each Builder and its counsel being entitled to rely on advice from special counsel for the Assignee that such filing and recordation have occurred).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expenses, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever claimed by the Owner-Trustee or the Lessee arising out of a breach by such Builder of any obligation with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Owner-Trustee or the Lessee by such Builder (in which latter case such Builder will be subrogated to any claim of the Assignee against the Owner-Trustee or Lessee, as the case may be, with respect to the matter indemnified against). The obligation of the Builders so to indemnify, protect and hold harmless the Assignee is conditional upon (a) timely motion or other appropriate action by the Assignee, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Owner-

Trustee or the Lessee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, prompt notification by the Assignee to such Builder of the asserted defense, setoff, counterclaim or recoupment and giving by the Assignee to such Builder the right, at its expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Owner, the Owner-Trustee or the Lessee and not manufactured by a Builder and in cases of designs, systems, processes, formulae or combinations specified by the Lessee and not developed or purported to be developed by a Builder, each Builder agrees, except as otherwise specifically provided in Annex A to the CSA, to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee or its assigns because of the use in or about the construction or operation of any of the Equipment manufactured by such Builder of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to a Builder of any claim actually known to the Assignee which is based upon any such alleged infringement and will give such Builder the right, at the expense of such Builder, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Owner-Trustee or the Lessee with respect to the Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as referred to in said Article 4) of the Equipment, shall pay to the appropriate Builder an amount equal to the portion of the Purchase Price thereof which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee on or prior to such Closing Date, the following documents, in form and substance satisfactory to it and to Messrs. Cravath, Swaine & Moore, its special counsel, in

such number of counterparts as may be reasonably requested by said special counsel:

(a) a bill or bills of sale from the Builder of the Units of Equipment being settled for to the Assignee transferring to the Assignee the security interest of such Builder in such units, warranting to the Assignee and to the Owner-Trustee that, at the time of delivery of such units under the CSA, such Builder had legal title to such units and good and lawful right to sell such units and such units were free of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Owner-Trustee under the CSA and the rights of the Lessee under the Lease, and covenanting to defend the title to such units against demands of all persons whomsoever, to the extent of such warranty, based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of the Equipment in such Group as contemplated by Article 3 of the CSA and § 2 of the Lease;

(c) an invoice of the Builder for the units of the Equipment in such Group accompanied by or having endorsed thereon a certification by the Owner-Trustee and the Lessee as to their approval thereof;

(d) an opinion of counsel for the Builder, dated as of such Closing Date, addressed to the Assignee and the Owner-Trustee, to the effect that the bill or bills of sale described in subsection (a) hereof have been duly authorized, executed and delivered by such Builder and, assuming that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303, are valid and effective to convey good and lawful title to the units of the Equipment in such Group to the Owner-Trustee and to vest in the Assignee the security interest of such Builder in the units of the Equipment in such Group, free from all claims, liens, security interests and other encumbrances (other than those created by the CSA and the rights of the Lessee under the Lease) arising from, through or under such Builder;

(e) a receipt from such Builder for any payment (other than the payment being made by the Assignee

pursuant to the first paragraph of this Section 4) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Owner-Trustee; and

(f) such other certificates or opinions as the Assignee may reasonably request.

The obligation of the Assignee hereunder to make payment for any of the Equipment assigned hereunder is hereby expressly conditioned upon the Assignee having on deposit or available upon the liquidation of investments, pursuant to the terms of the Participation Agreement, sufficient funds available to make such payment and upon payment by the Owner-Trustee of the amount required to be paid by it pursuant to § 4.3(a) of Article 4 of the CSA. In the event that the Assignee shall not make any such payment, the Assignee shall reassign to the Builders, without recourse to the Assignee, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Owner-Trustee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, and upon giving the written notice required in Article 15 of the CSA, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee, the Owner-Trustee and their successors and assigns, that the CSA and this Assignment were duly authorized by it and lawfully executed and delivered by it for a valid consideration, and that, assuming due authorization, execution and delivery by the Owner-Trustee and the Assignee, the CSA and this Assignment are, insofar as such Builder is concerned, legal, valid and existing agreements binding upon such Builder in accordance with their terms and that they are now in force without amendment thereto;

(b) agrees that, subsequent to the payment in full of the Purchase Price, at the request of the Assignee or its successors or assigns, it will make, execute and deliver all such further instruments of assignment, transfer and assurance and do all such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, its successors or assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment.

SECTION 7. The terms of this Assignment 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 the rights conferred by 49 U.S.C. § 11303, such additional rights arising out of the filing, recording or depositing of the CSA and this Assignment as shall be conferred by the laws of the several jurisdictions in which the CSA or this Assignment shall be filed, recorded or deposited, or in which any unit of the Equipment shall be located, and any rights arising out of the marking on the units of Equipment.

SECTION 8. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Assignee shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or

are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

RICHMOND TANK CAR COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by

_____
Senior Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

LA SALLE NATIONAL BANK,
as Agent,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

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

On this day of 1981, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of RICHMOND TANK CAR COMPANY, a Delaware 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1981, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Senior Vice President of GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York 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 ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 25th day of September 1981, before me personally appeared R. K. WEBER, to me personally known, who being by me duly sworn, says that he is Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Loretta Harris
Notary Public

[Notarial Seal] My Commission Expires July 12, 1984,

My Commission expires

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the assignment made by, the foregoing Agreement and Assignment is hereby acknowledged as of August 1, 1981.

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but
solely as trustee under the aforesaid Trust Agreement,

by

ASST Vice President