8
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(1)
NEW NUMBER

14381
RECORDATION NO. ..... Filed 1425

JUL 24 1984 2 PM

INTERSTATE COMMERCE COMMISSION

Agatha Mergenovich
Interstate Commerce Commission
Washington, D.C.

Dear Ms. Mergenovich:

Enclosed for recordation under the provisions of Section 11303(a) of Title 49 of the U.S. Code are the original and four counterparts of an Equipment Lease dated as of June 1, 1984. This Equipment Lease is a primary document.

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

The names and addresses of the parties are:

Lessor: Wilmington Trust Company, as Trustee under Trailer Train Trust No. 84-1
Rodney Square North
Wilmington, Delaware 19890

Lessee: Trailer Train Company
101 North Wacker Drive
Chicago, Illinois 60606

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

Please return the original and three copies of the Equipment Lease to Larry Elkins, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Enclosed is a check in the amount of $10.00 covering the required recording fee.

4-206A066

No. [illegible]
Date JUL 24 1984
Fee $ 10.00
CC Washington, D. C.

Very truly yours,

WILMINGTON TRUST COMPANY, as Trustee

By Jeffrey O. Stoll
Its Financial Services Officer

LESSOR AS AFORESAID

Enclosures

RECEIVED
JUL 24 12 59 PM '84
I.C.C.
FEE OPERATION BR.

Description of Items of Equipment
Trailer Train, Trust No. 84-1
(First Chicago)

Maximum Aggregate Purchase Price of Equipment $15,000,000

Outside Delivery Date December 27, 1984

1) Manufacturer: Thrall Car Manufacturing Company
Quantity: 99
Unit Price: $26,150
Place of Delivery: Chicago Heights, Illinois

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$2,588,850	TTUX 121254 121307 121257 121313 121261 121316 121266 121320 121270 121323 121276 121333 121280 121337 121282 121340 121284 121342 121286 121344 121288 121348 121296 121350 121298 121353 121302 121356 All even numbers 121360-121498

2) Manufacturer: Itel Rail
Quantity: 26
Unit Price: $124,750
Place of Delivery: Portland, Oregon

Description of Equipment	Total Purchase Price	Identifying Mark/Number
5-Unit Impack Railcar	$3,243,500	UTTX all even car numbers from 60144-60194

Schedule A

3) Manufacturer: Pacific Car and Foundry
Quantity: 157
Unit Price $26,222
Place of Delivery: Renton, Washington

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$4,116,854	TTUX all even car numbers from 140000 thru 140312

4) Manufacturer: Portec Railcar Division
Quantity: 100
Unit Price: $25,950
Place of Delivery: Clinton, Illinois

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$2,595,000	TTUX all even car numbers from 135000 thru 135198

5) Manufacturer: Trinity Industries
Quantity: 95
Unit Price: $25,850
Place of Delivery: Bessemer, Alabama

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$2,455,750	TTUX all even car numbers from 145000-145188

Interstate Commerce Commission

Washington, D.C. 20423

7/23/84

OFFICE OF THE SECRETARY

Larry Elkins,Esq.
Chapman & Cutler
111 West Monroe Street
Chicago,Illinois 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 7/23/84 at 1:05pm and assigned re-recordation number(s). 14381,14382,14383,14384

Sincerely yours,

James H. Bayne

Secretary

Enclosure(s)

SE-30
(7/79)

Interstate Commerce Commission
Washington, D.C. 20423

12/30/85

OFFICE OF THE SECRETARY

Deborah Page,Esq.
Chapman & Cutler
111 West Monroe St
Chicago,Illinois 60603

Dear Ms. Page:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 12/27/85 at 12:05pm , and assigned re-recordation number(s). 14381-B & 14383-B

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

14381
RECORDATION NO. Filed 1425
JUL 24 1984 · 1 05 PM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of June 1, 1984

Between

WILMINGTON TRUST COMPANY,
as Trustee under Trailer Train Trust No. 84-1

LESSOR

And

TRAILER TRAIN COMPANY

LESSEE

(Trailer Train Trust No. 84-1)
(First Chicago)

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Attachments to Equipment Lease

Schedule A -- Description of Items of Equipment
Schedule B -- Certificate of Acceptance Under Equipment Lease
Schedule C -- Lease Supplement No. 1
Schedule D -- Schedule of Casualty Value

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of June 1, 1984 between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as trustee (the "Lessor") under a Trust Agreement dated as of June 1, 1984 (the "Trust Agreement") with FIRST CHICAGO LEASE HOLDINGS, INC., a Delaware corporation (the "Trustor"), and TRAILER TRAIN COMPANY, a Delaware corporation (the "Lessee");

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of June 1, 1984, the Lessor has acquired the right to purchase the Equipment referred to below from the Lessee.

B. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of June 1, 1984 (the "Participation Agreement") with the Trustor and Continental Illinois National Bank and Trust Company of Chicago (the "Note Purchaser") providing for commitments of the Trustor and the Note Purchaser which will permit the Lessor to obtain the funds necessary to purchase the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. The Trustor will commit to advance to the Lessor an amount equal to 40.461307% of the Purchase Price of each Item of Equipment and the Note Purchaser will commit to purchase the Secured Notes (the "Notes") of the Lessor in an amount equal to 59.538693% of the Purchase Price of each Item of Equipment. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement dated as of June 1, 1984 (the "Security Agreement") from the Lessor to the Note Purchaser. Any capitalized term not defined herein shall have the meaning specified in the Participation Agreement.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

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

1.2. Inspection and Acceptance. The Lessee undertakes that it will designate inspectors to inspect each Item of Equipment upon delivery to insure conformity with the agreements to purchase the Equipment. If such Item of Equipment is found to be in good order, the Lessee, acting both as agent for the Lessor to accept delivery from the Manufacturer thereof and for itself, as lessee hereunder, will accept delivery of such Item of Equipment and will execute and deliver to the Lessor and the Manufacturer thereof a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment delivered after December 27, 1984 (the "Outside Delivery Date"). In accepting the Equipment both as agent for the Lessor and for itself, the Lessee represents and acknowledges that it is relying solely on its own inspection and knowledge of the Equipment.

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

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. (a) Interim and Base Rental. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(i) Interim Rental. For each Item of Equipment, an amount per day (the "Interim Rental") equal to (x) 0.02985699% of the Purchase Price thereof for the period, if any, from the Closing Date for such Item to, but not including, January 1, 1985 (the "Base Lease Commencement Date"), less (y) any amount which may be credited against the Lessee's obligation to pay such rental pursuant to Section 2.2(g) of the Participation Agreement; and

(ii) Base Rental. Thirty-two (32) consecutive semiannual installments of Base Rental (the "Base Rental"), payable in arrears, each in an amount equal to 5.374258% of the Purchase Price thereof.

(b) Supplemental Rental. The Lessee also agrees to pay, as supplemental rental, upon demand or as otherwise specified herein, any and all amounts, liabilities and obligations which Lessee assumes and agrees to pay hereunder to Lessor and others on Lessor's behalf, including, without limitation, Casualty Values, but excluding Interim Rental and Base Rental, together with the following further amounts to be paid to the Lessor as rental hereunder (all of such amounts, liabilities and obligations being hereinafter referred to as "Supplemental Rental"):

(i) On each Closing Date by advance to the Escrow Agent in the manner provided for advances pursuant to Section 2.3 of the Participation Agreement, an amount equal to the interest and storage charges, if any, invoiced by the Manufacturers in connection with the payment of the Purchase Price of the Items of Equipment being settled for on such Closing Date;

(ii) On the Cut-Off Date an amount equal to the amount, if any, that the Lessor is obligated to pay to the Escrow Agent pursuant to the second paragraph of Section 2.2(g) of the Participation Agreement;

(iii) On the date or dates payable, any fees and expenses of the Lessor under the Trust Agreement (other than the initial fees thereof referred to in Section 2.6(h) of the Participation Agreement) including, without limitation, attorneys' fees and any other fees and expenses incurred in connection with an Event of Default hereunder;

(iv) On the date or dates payable under the Letter of Credit Agreement, all amounts which may be payable pursuant to Section 2 thereof as the fees for the issuance of the Letter of Credit pursuant thereto; and

(v) In the event the Notes shall be refinanced pursuant to Section 9 of the Participation Agreement at an interest rate less than 14% per annum and the Base Rental installments hereunder are accordingly adjusted pursuant to Section 2.3 hereof, then the Lessee shall pay, on each payment date of an installment of Base Rental thereafter, the amount by which the installment of Base Rental then payable as so adjusted is less than the amount which the Lessee would have been required to pay as an installment of Base Rental if said rental adjust-

ment had been computed on the basis of a refinancing of the Notes at a rate of interest equal to 14% per annum; provided, however, that no such amount shall be required to be paid by the Lessee until the Lessee shall have retained from the amount of Supplemental Rental otherwise payable pursuant to this clause (v) an aggregate amount equal to the amount by which the installments of Base Rental paid by the Lessee after the Base Lease Commencement Date to and including the date of such refinancing of the Notes exceeded in the aggregate the amount of the installments of Base Rental which would have been payable by the Lessee throughout such period if the per annum rate of interest on the Notes during such period had been 14% and said installments had been adjusted in accordance with Section 2.3 hereof.

2.2. Rent Payment Dates. The installment of Interim Rental shall be due and payable on the Base Lease Commencement Date. The first installment of Base Rental for each Item of Equipment shall be due and payable six months following the Base Lease Commencement Date and the balance of said installments shall be payable at six month intervals thereafter with the final such installment payable 16 years following the Base Lease Commencement Date. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Illinois are authorized or required to close.

2.3. Adjustment of Rentals. The installments of Base Rental and the Casualty Value table attached hereto as Schedule D have been calculated in part on the assumptions that:

(i) The Closing Dates and the aggregate Purchase Price of Items of Equipment to be settled for on such Closing Dates are $312,449.95 on June 29, 1984, $3,000,000 on August 21, 1984, $7,999,999.95 on September 25, 1984 and $3,687,500.10 on October 16, 1984;

(ii) The Outside Delivery Date for the Equipment is December 27, 1984, and all of the Items of Equipment described in Schedule A hereto shall be delivered and accepted by the Lessee under the Lease on or prior to said date;

(iii) No change in any tax law, regulation or tax rate shall be enacted and become effective prior to the Base Lease Commencement Date which alters or eliminates any of the Tax Benefits (as defined in the Tax Indemnity Agreement);

(iv) The Notes as originally issued pursuant to the Participation Agreement and any secured notes of the Lessor which may be issued pursuant to Section 9 of the Participation Agreement to refinance the same bear interest at 14.5% per annum computed on the basis of a 360-day year of twelve 30-day months, and payments of principal and interest on the Notes will be made semi-annually;

(v) The aggregate amount of all fees and expenses payable pursuant to Section 2.6 of the Participation Agreement shall not exceed $37,500, which amount shall be paid in full by Continental Illinois Leasing Corporation so that the Trustor shall not be required to pay any fees and expenses pursuant to said Section; and

(vi) No deficiency shall be incurred upon the sale of any Investment pursuant to Section 2.2(e) of the Participation Agreement so that the Trustor shall not be required to make any advance pursuant to the final paragraph of said Section.

If any such assumption shall prove to be incorrect, then the Lessor and the Lessee agree that the then remaining installments of Base Rental and the Casualty Value table shall be recomputed and adjusted in order to provide the Trustor with the same after-tax return on and rate of recovery of investment and periodic net cash flows (computed on the same assumptions, including tax rates, as were utilized by the Trustor in originally evaluating this transaction) as would have been realized by the Trustor if such assumption had been accurate; provided, that such adjustments shall comply with the Guidelines (as hereinafter defined) and any other published or announced position of the Internal Revenue Service; and provided, further, that each installment of Base Rental shall be in an amount sufficient to pay on each installment date the principal of, and interest on, the Notes due on such date without acceleration, and the Casualty Value as of any date shall be sufficient to pay the aggregate unpaid principal amount of, and interest and premium, if any, on, the Notes outstanding as of such date. The amount of any such adjustments will be determined by the Trustor, and promptly following any determination thereof, the Trustor will furnish to Lessee a notice setting forth the amount of such adjustments. Upon the written request and at the expense of the Lessee, the accuracy of the Trustor's calculation of such adjustments and the consistency of the calculation with the calculation used to determine installments of Base Rental and Casualty Values shall be verified by a firm of nationally recognized independent public accountants then selected by the Trustor. In order to enable such accountants to verify such adjustments, the Trustor shall provide to such accountants (for their confidential use and not for disclosure to the Lessee or any other person) all information reason-

ably necessary for such verification, including any appropriate computer programs. In the event the Lessee shall not so request such verification within 15 days following notice from the Trustor of such adjustments, the Trustor's determination of such adjustments shall be conclusive and binding on the Lessee. On or before the first payment of Base Rental, the Lessor and the Lessee shall execute and deliver a Lease Supplement, substantially in the form of Schedule C hereto, reflecting any revisions to the percentages set forth in Section 2.1(a)(ii) hereof and to Schedule D hereof; provided that such adjustment shall be effective for all purposes of this Lease regardless of whether such Lease Supplement is actually executed and delivered. The term "Guidelines" as used herein shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for Federal income tax purposes.

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

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

(b) The portion of any installment of Base Rental resulting from an increase in the amount thereof, if any, pursuant to Section 2.3 hereof shall be paid in full to the Lessor by wire transfer to the account of the Lessor at the address provided for payments in Section 20.2 hereof;

(c) Each installment of Base Rental shall be paid to the Lessor by wire transfer to the account of the Lessor at the address thereof provided for payments in Section 20.2 hereof; provided that in the event either the Lessor or the Note Purchaser shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by

wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided, further, that in the event such notice shall direct the Lessee to divide such installment into not more than two portions, in addition to the portion referred to in Section 2.4(b) hereof, and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so and to notify each such party that the other portion of such installment then required to be made to the other such party has been paid;

(d) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof or of the amounts required to be paid by the Lessee upon purchase of the Equipment pursuant to Section 18.1 hereof shall be paid to the Lessor by wire transfer to the account of the Lessor at the address thereof provided for payments in Section 20.2 hereof (identifying the same as a payment of Casualty Value or of such amounts payable on such purchase, as the case may be, relating to Trailer Train Trust No. 84-1) and forwarded to the Lessor in the manner provided for notice in Section 20.2 hereof; provided that in the event either the Lessor or the Note Purchaser shall notify the Lessee in writing that the right to receive payment of such Casualty Value and such amounts payable on such purchase shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payments by wire transfer in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

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

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

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

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

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental, Base Rental, Supplemental Rental, Casualty Value, indemnity and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor or the Trustor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor or the Trustor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate 16 years following the Base Lease Commencement Date provided for in Section 2.1(a)(i) hereof. Said term then ending is herein referred to as the "Base Lease Term".

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

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

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

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

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

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership;

provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by any such person of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

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

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and fiduciary capacities, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) and their respective successors and assigns from and against, and as between the Lessee and any such party the Lessee hereby assumes liability for:

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

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

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

In the event that the Lessee is required to make any payment under this Section 6, the Lessee 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, Canada or Mexico or any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deduction, credits or allowances in respect of the payment of the expenses indemnified against), shall be equal to the amount of such payment. All amounts required to be paid pursuant to this Section 6 shall be made directly to or as otherwise requested by the indemnified person entitled thereto upon written demand by such indemnified person.

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

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified (the "Alterations") on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such Alterations at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, so long as no Event of Default shall have occurred and be continuing, that Lessee may, in good faith and by appropriate legal proceedings, at its own expense, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor and the Note Purchaser adversely affect the property rights, or interests of the Lessor and the Note Purchaser in the Equipment or hereunder.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules. Except as required by the provisions of Section 7 hereof, the Lessee

shall not modify any Item of Equipment in any manner which will decrease the value, utility or marketability of the Equipment. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. Title to any additions or improvements other than those referred to in the immediately preceding sentence which are readily removable without causing material damage to such Item of Equipment shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any other liens or charges which may be levied against or imposed upon any Item of Equipment, other than any liens or charges which the Lessor is obligated to discharge pursuant to Section 2.2 of the Security Agreement or which the Trustor is obligated to discharge pursuant to Section 7 of the Participation Agreement (the "Lessor's Liens"), but so long as no Event of Default shall have occurred and be continuing, the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings at its own expense contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

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

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act and in such other places within or without the United States as the Lessor or the Note Purchaser may reasonably request and will furnish the Lessor and the Note Purchaser proof thereof. The Lessee will, from time to time, do and perform any other act and will execute,

acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments, and will file, register and record this Lease, the Security Agreement and any supplement to such agreements, in all other jurisdictions, required by law or reasonably requested by the Lessor or the Note Purchaser, for the purpose of protecting the Lessor's title to, or the Note Purchaser's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Note Purchaser's counsel or for the purpose of carrying out the intention of this Lease; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (i) the Lessee determines, upon the advice of counsel, that such actions may not be effectively taken or the Lessee reasonably deems such action to be unduly burdensome, (ii) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Lessor and the security interest of the Note Purchaser with respect to Items of Equipment having a fair market value (as determined, upon the written request of the Lessor or the Note Purchaser pursuant to an Engineer's Certificate, as hereinafter defined) of not less than 85% of the aggregate fair market value of all the Equipment (as so determined), and (iii) any Item of Equipment at any time located in such jurisdiction shall have been marked with the markings specified in Section 4.2 hereof. In connection with any such action, the Lessee will deliver to the Lessor and the Note Purchaser proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Note Purchaser that such action has been properly taken (subject to the qualification contained in the proviso to the next preceding sentence) or that no such action is necessary for any of such purposes (subject to such qualification). The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

As used herein, the term "Engineer's Certificate" shall mean a certificate signed by an engineer, appraiser or other expert appointed by the Lessee (and who may be affiliated with the Lessee) and approved by the Lessor and the Note Purchaser, qualified to make the determination required in the next preceding paragraph.

10.2. Payment of State and Local Taxes. The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and fiduciary capacities, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) and their respective successors and assigns (collectively, the "Indemnitees", and individually, an "Indemnitee") from and against, and as between the Lessee and each Indemnitee the Lessee hereby assumes liability with respect to, all fees (including, without limitation, license fees and

registration fees), taxes (including, without limitation, income, gross receipts, franchise, sales, use, value added, property and stamp taxes), assessments, levies, imposts, duties, charges or withholdings of any nature whatsoever, together with any and all penalties, additions to tax, fines or interest thereon imposed against any of the Indemnitees, any Item of Equipment or the Lessee, upon, arising from or relating to (i) any Item of Equipment, (ii) the construction, purchase, delivery, ownership, acceptance, rejection, possession, improvement, use, operation, leasing, condition, maintenance, repair, sale, return, storage, abandonment or other application or disposition of any Item, (iii) the rental payments, receipts or earnings arising from any Item of Equipment or payable pursuant to this Lease, or (iv) the Operative Agreements or the Notes or otherwise with respect to or in connection with the transactions contemplated thereby (herein called "Impositions"); provided that, except with respect to indemnification payment hereunder or payments pursuant to this Section 10.2, Impositions shall not include as to each respective Indemnitee: (i) United States Federal income tax liability and, to the extent that any respective Indemnitee receives and utilizes a credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnitee, payable by any respective Indemnitee in consequence of the receipt of payments provided herein, provided, however, that any income tax imposed by a foreign jurisdiction in which no Item of Equipment was ever physically present shall not be an Imposition, whether or not a credit is received and utilized, and, provided further, any income tax imposed by a foreign jurisdiction which imposes taxes on a unitary basis shall be an Imposition only to the extent that the taxes payable to such taxing authority are increased as a result of the physical presence of any Item of Equipment in such jurisdiction and a credit is not received and utilized for such increase; (ii) the aggregate of all franchise taxes measured by net income based on such receipts imposed by any State or political subdivision thereof in which no Item of Equipment was ever physically present; (iii) the aggregate of all franchise taxes (other than those specified in (ii)) measured by net income based on such receipts, up to the amount in the aggregate of any such income and franchise taxes which would be payable to the state, county and city or other local tax jurisdiction in which such Indemnitee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided; provided, however, that any such taxes imposed by any State or political subdivision thereof which imposes taxes on a unitary basis shall only be taken into account to the extent that the taxes payable to such taxing authority are increased as a result of the physical presence of any Item of Equipment in the jurisdiction of such taxing authority; and (iv) any amount that is

imposed as a result of the sale, transfer or other disposition, by Lessor or Trustor of any of its rights with respect to any Item of Equipment. For purposes of paragraph (i), foreign tax credits arising out of this transaction will be deemed to be utilized prior to foreign tax credits arising out of transactions which provided that foreign tax credits arising out of such transactions are deemed to be used last and pro rata with all other foreign tax credits arising out of lease transactions, except lease transactions with affiliated companies. Trustor shall in any event be deemed to utilize foreign taxes paid by Trustor as a credit to reduce United States federal income tax liability in the year such foreign taxes are paid or accrued at least to the extent that the foreign tax credit actually utilized by such Trustor to reduce its United States federal income tax liability is in excess of what it would have been had no net indemnity payments been made or accrued by Lessee with respect to this transaction. The Lessee agrees to pay, on demand, any and all Impositions, and to keep at all times all and every part of each Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Imposition so long as it is contesting in good faith and by appropriate legal proceedings such Imposition and the nonpayment thereof does not, in the reasonable opinion of the Indemnitees, adversely affect the interest of any Indemnitee hereunder or under the Security Agreement. If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

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

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed

(or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any storage period hereunder and at its own cost and expense keep each Item of Equipment insured against loss by fire, collision, derailment and explosion and with extended coverage and against such other risks and in such amounts as are customarily insured against by railroad companies on similar equipment, in amounts and against risks not less than the insurance, if any, maintained by the Lessee with respect to similar equipment which it owns or leases, and in any event in an amount not less than $3,000,000 per occurrence or during any consecutive 12 month period, and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than $25,000,000 arising out of any single occurrence or during any consecutive 12 month period. Any such property insurance may have deductible provisions to no greater extent than $100,000 per occurrence. All such liability insurance shall protect the Lessor, the Trustor and the Lessee in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and each such party shall be a named insured or additional insured under any liability policy. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancellation shall be given to the Lessor, the Trustor and any assignee under Section 16 hereof. The Lessee shall be deemed to have complied with the requirement to maintain insurance as above set forth if it shall maintain or cause to be maintained a blanket policy covering all of the Items of Equipment then subject to this Lease together with all other rolling stock of the Lessee, so long as such blanket policy shall otherwise comply with the provisions of this Section 11.1. The Lessee shall, from time to time as required to evidence coverage and in any event at least annually, further furnish the Lessor, the Trustor and any assignee under Section 16 hereof with certificates or other satisfactory evidence of maintenance of the insurance required hereunder or with a certificate of a reputable insurance agent not affiliated with the Lessee stating that the insurance maintained by or on behalf of the Lessee complies with the requirements of this Section, and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effected with insurance companies approved

by the Lessor, the Trustor and such assignee under Section 16 hereof, which approval shall not be unreasonably withheld.

Without limiting any of the obligations of the Lessee set forth in this Section 11.1, the Lessor shall have the right to carry insurance against loss or damage to the Equipment for its own benefit in excess of the amounts required to be maintained by the Lessee pursuant to this Section 11.1.

11.2. Duty of Lessee to Notify Lessor. In the event that the Lessee determines that any Item of Equipment has become lost, stolen, destroyed or irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or any Item of Equipment shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall, not less than 30 days prior to the rental installment payment date next following such determination (or, if such determination is made within said 30-day period, promptly thereafter) fully inform the Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) in regard thereto and shall pay the Casualty Value of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Interim Rental or Base Rental installment due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment equal to that percentage of the Purchase Price of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule D opposite such date of payment.

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

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall

be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable to such Casualty Occurrence actually paid by the Lessee pursuant hereto, and shall remit the remainder, if any, after payment of all costs and expenses incurred in connection with such disposition, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

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

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

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before the first May 1 which occurs more than four months following the date of this Lease and on each May 1 thereafter, the Lessee will furnish to the Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the

Note Purchaser) an accurate statement, as of the preceding December 31, (a) showing the amount, description and identifying numbers of the Items of Equipment then leased hereunder, the amount, description and identifying numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease, including any optional renewal term pursuant to Section 18 hereof, the Lessee will, at its own cost and expense, promptly return or cause the return of not less that 75% of the Items of Equipment leased hereunder within 30 days of such final termination date and the remainder of the Items of Equipment leased hereunder within 90 days of such termination date to the Lessor upon such storage tracks which are within 1,000 miles of the City of Chicago, Illinois, as the Lessor may designate not later than 180 days prior to such final termination, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Equipment on such tracks for a period not exceeding 90 days from such termination date; provided, however, that if 75% of the Items of Equipment have not been returned to such storage tracks by the 30th day following such final termination date, the Lessor shall be entitled to one additional day of storage at no cost to the Lessor for each day elapsed until 75% of the Items of Equipment are in fact so returned.

Following the expiration of such 90-day storage period, the Lessor shall have the right to store the Equipment for an additional 90-day period upon payment of the rate that the Lessee would be obligated to pay for such storage; and during such storage period, the Lessee will, at Lessor's expense, maintain insurance on the Equipment as required by the provisions of Section 11.1 hereof. During any such storage periods the Lessee

will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same, and will cooperate in all reasonable respects with efforts of the Lessor to lease or sell the Equipment; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Within such 180-day storage period or at the end thereof, the Lessee shall transport or arrange for the transportation of each Item of Equipment to any reasonable place within 750 miles of the place of storage thereof, all as directed by the Lessor by written notice to the Lessee, such transportation to be arranged by the Lessee as promptly as possible following such notice and in any event within 30 days thereafter. All movement and storage of each Item of Equipment is to be at the risk and expense of the Lessee. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

All amounts earned in respect of the Equipment after the date of expiration of this Lease, less any reasonable operating expenses relating thereto, shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event that at least 75% of the Items of Equipment leased hereunder shall not have been assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall pay to the Lessor for each day after the close of the 30th day after such expiration until 75% of the number of Items leased hereunder shall have been returned, an amount equal to the amount, if any, by which the higher of (i) an amount equal to 0.02985699% of the Purchase Price of such Items of Equipment as shall be equal to the difference between, at the close of the 30th day after such expiration, the number of Items returned by such date and 75% of the number of Items leased hereunder (such difference being referred to as the "Delinquent Items" for such period), or (ii) the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Delinquent Items for each such day, exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Delinquent Items pursuant to the first sentence of this paragraph. In the event that all of the Items of Equipment leased hereunder shall not have been assembled, delivered and stored as hereinabove provided within 90 days after the expiration of this Lease, the Lessee shall pay to the Lessor for each day after the close of the 90th day after such expiration until the remainder of the Items leased hereunder shall have been returned, an amount

equal to the amount, if any, by which the higher of (i) an amount equal to 0.02985699% of the Purchase Price of such Items of Equipment as shall be equal to the difference between, at the close of the 90th day after such expiration, the number of items so returned and the number of Items leased hereunder (such difference being referred to as the "Delinquent Items" for such period), or (ii) the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Delinquent Items for each such day, exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Delinquent Items pursuant to the first sentence of this paragraph.

Promptly following the return of each Item of Equipment pursuant to this Section 13, the Lessee agrees that it will deliver to the Lessor a certificate of the President, any Vice President, the Treasurer or the Comptroller of the Lessee representing and warranting that at the time of such return such Item was in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules and was free and clear of all liens or charges other than Lessor's Liens.

SECTION 14. DEFAULT.

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

(a) Default shall be made in the payment of any part of the Interim Rental, Base Rental or Casualty Value provided in Section 2 or 11 hereof or in the payment of any indemnity provided in Section 6 hereof or which is payable pursuant to the Tax Indemnity Agreement, and such default shall continue for five days;

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

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 30 days after the earlier to occur of (i) a responsible officer (as defined in Section 14.5 hereof) shall have knowledge of such default, or (ii) written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(d) Any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the

Trustor or the Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement is untrue in any material respect as of the date of issuance or making thereof;

(e) The Lessee shall at any time fail to maintain insurance in the manner required by Section 11.1 hereof;

(f) The Lessee becomes insolvent or fails generally to pay its debts as such debts become due, or causes an order for relief to be entered against the Lessee or acquiesces in the entering of such an order against it, under applicable Federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for the Lessee or for the major part of its property;

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

(h) Any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments 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 shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of either of them in connection with any such proceeding in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

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

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

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination, rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 14.5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rental payment date on or immediately preceding the date of termination over the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that

the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) in addition thereto any other damages and expenses which the Lessor shall have sustained by reason of the breach by the Lessee of this Lease, including, without limitation, the cost of all reasonable attorneys, fees and disbursements incurred by the Lessor in connection therewith.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified in Section 18.3 hereof; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

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

14.5. Notice of Event of Default. The Lessee agrees to furnish to the Lessor, the Trustor and the Note Purchaser, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate

officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

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

(a) Forthwith place such Equipment upon such storage tracks which are within 1,000 miles of the City of Chicago, Illinois, as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

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

(c) Transport the Equipment to any place on any lines of railroad within 1,000 miles of the City of Chicago, Illinois, or to any connecting carrier for shipment, all as the Lessor may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, less any reasonable operating expenses relating thereto, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter for which such Item is not assembled, delivered and stored, an amount equal to the amount, if any, by which the higher of (i) an amount equal to 0.03732124% of the Purchase Price of such Item of Equipment, or (ii) the Fair Rental Value (determined in the manner provided in Section 18.3 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

Promptly following the return of each Item of Equipment pursuant to this Section 15.1, the Lessee agrees that it will deliver to the Lessor a certificate of the President, any Vice President, the Treasurer, or the Comptroller of the Lessee representing and warranting that at the time of such return such Item was in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules and was free and clear of all liens or charges other than Lessor's Liens.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

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

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the

event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor or the Trustor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 20.3 hereof which shall remain enforceable by the Lessor and/or the Trustor, as the case may be), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee, the Lessor and the Trustor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

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

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not, except to the extent permitted by the provisions of Section 17.2 hereof, assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession in Railroad Operations. (a) So long as no Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the

Lessee shall be entitled to and shall have the exclusive use and possession of the Equipment and the Lessee may use or operate or permit the use or operation of the Equipment upon lines of railroad in or between the United States, Mexico or Canada in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee uses or permits the use of the Equipment in Canada (or any Province or Territory thereof) or in Mexico (or any State or the Federal District thereof), the Company shall, except as provided in Section 10.1, first have (i) taken all necessary action to protect the right, title and interest of the Lessor and any assignee of the Lessor pursuant to Section 16 hereof in the Equipment to be so used, and (ii) furnished the Lessor and any such assignee with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lessor and such assignee to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and such assignee in such Equipment . The Lessee agrees that it will not assign this Lease or any of its rights hereunder or except as hereinafter provided, sublease any Item of Equipment; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Item of Equipment in accordance with the provisions set forth below in this Section 17.2. No such sublease or permitted use shall relieve the Lessee of any liability, obligation or duty hereunder, which shall be and remain those of a principal and not a surety.

(b) So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to sublease the Items of Equipment to (i) common carrier railroads pursuant to the Lessee's car usage agreements entered into by the Lessee in the ordinary course of its business, and (ii) such other sublessees under such terms of sublease as shall have been approved in writing by the Lessor and the Note Purchaser (such usage agreements and such other subleases being referred to herein as the "Permitted Subleases"); provided, however, that any such Permitted Sublease and the rights and interests of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder, and shall confirm such subordination by a provision therein satisfactory to the Lessor and the Note Purchaser; and such Permitted Sublease shall in all cases be for a term expiring not later than the end of the then current term of this Lease. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, each Item of Equipment may, under the terms of this Lease and pursuant to any such Permitted Sublease, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all of the terms and conditions of this Lease.

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

SECTION 18. LESSEE PURCHASE OPTION AND RENEWAL OPTIONS.

18.1. Purchase Option. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the right to purchase all but not less than all of the Items of Equipment then leased hereunder at the expiration of the original term or of any renewal term pursuant to Section 18.2 hereof at a price equal to the Fair Market Value of such Items of Equipment (as defined in Section 18.3 hereof); provided, however, that such option may only be exercised hereunder if the comparable option is concurrently exercised as to all of the equipment leased under the Equipment Lease dated as of June 1, 1984 between the Lessee and Wilmington Trust Company, as Trustee under Trailer Train Trust No. 84-2 (hereinafter referred to as the "Other Lease"). The Lessee shall give the Lessor written notice 270 days prior to the end of the term of its election to exercise the purchase option provided for in this Section, which notice shall be irrevocable. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds there current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against Lessor's Liens. The Lessor shall not be required to make any other representation or warranty as to the condition of the Equipment or any other matters, and may specifically disclaim any such representations or warranties.

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

the Lessee shall give the Lessor written notice of any such election 270 days prior to the commencement of any renewal term provided for in this Section 18.2, and provided, further, that each such option may only be exercised hereunder if the comparable option is concurrently exercised as to all of the equipment leased under the Other Lease described in Section 18.1):

(a) At the end of the Base Lease Term, the Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment leased hereunder for one renewal term of four years upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the semiannual installments of Base Rental payable for and during any such renewal term shall each be an amount equal to 2.687129% of the Purchase Price of such Items of Equipment and that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term shall be an amount equal to the higher of (i) the Association of American Railroads settlement value then payable for such Item if destroyed by a common carrier railroad (whether or not so destroyed and paid by such a railroad), or (ii) an amount equal to 20% of the Purchase Price of such Item of Equipment; and

(b) In the event the Lessee shall have elected to extend this Lease for the 4-year renewal term referred to in Section 18.2(a) hereof, then at the end of such renewal term, the Lessee shall have the further option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for two additional renewal terms of five years each upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the semiannual installments of Base Rental payable for and during any such renewal term shall each be an amount equal to the Fair Rental Value (as defined in Section 18.3 hereof) of such Items of Equipment and that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term shall be an amount equal to the Association of American Railroads settlement value then payable for such Item if destroyed by a common carrier railroad (whether or not so destroyed and paid by such a railroad). Each renewal term hereunder shall commence immediately upon the expiration of the preceding term.

18.3. Determination of Fair Rental Value and Fair Market Value. The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined

on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If on or before 90 days prior to the date of commencement of any renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value, as the case may be, of the Items of Equipment, such value shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 days after such notice is given, each party shall appoint an independent appraiser within 20 days after such notice is given, and the two appraisers so appointed shall within 25 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such value of the Items of Equipment within 30 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of such value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as such value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining the Fair Rental Value and/or Fair Market Value, as the case may be, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

18.4. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as

provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

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

Anything to the contrary herein contained notwithstanding any nonpayment of rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to the higher of (i) 1% per annum in excess of the per annum rate of interest which is from time to time announced by The First National Bank of Chicago as its corporate base rate, and (ii) 15.5% per annum (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. MISCELLANEOUS.

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

Wilmington Trust Company or the Trustor, in its individual capacity or personally are concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease; provided that nothing in this Section 22.1 shall be construed to limit the liability of the Lessor for gross negligence or willful misconduct. The term "Lessor" as used in this Lease shall include any trustee succeeding Wilmington Trust Company as trustee under the Trust Agreement or the Trustor if the trust created thereby is revoked. Any obligation of the Lessor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

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

20.2. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been duly given when delivered personally or otherwise actually received or five business days after being deposited in the United States mail, registered or certified, postage prepaid, addressed as follows:

If to the Lessor:

Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
Attention: Equipment Leasing
Administration

Payments to the Lessor hereunder to be made as follows:

If to the Trustor:	First Chicago Lease Holdings, Inc. Two First National Plaza Chicago, Illinois 60670 Attention: President
If to the Note Purchaser:	Continental Illinois National Bank and Trust Company of Chicago 231 South LaSalle Street Chicago, Illinois 60693 Attention: Division LE
If to the Lessee:	Trailer Train Company 101 North Wacker Drive Chicago, Illinois 60606 Attention: Treasurer

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

20.3. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor, the Trustor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Note Purchaser) may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as Supplemental Rent hereunder, with interest at the higher of (i) 1% per annum in excess of the per annum rate of interest which is from time to time announced by The First National Bank of Chicago as its corporate base rate, and (ii) the rate of 15.5% per annum (or the lawful rate, whichever is less).

20.4. Amendments. This Lease may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the Lessee and the Lessor, subject, if this Lease shall have been assigned pursuant to Section 16 hereof, to the prior written consent of such assignee or assignees.

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

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

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

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

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

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Trustee under Trailer Train Trust No. 84-1

By Jeffrey O. Stroh
Its Financial Services Officer

[CORPORATE SEAL]

ATTEST:

Assistant Secretary

TRAILER TRAIN COMPANY

By
Its TREASURER

[CORPORATE SEAL]

ATTEST:

D.C. Marion
ASSISTANT SECRETARY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 23rd day of July, 1984 before me personally appeared before me Jeffrey O. Stroble and Arden M. Knott, to me personally known, who being by me duly sworn, say that they are the Financial Services Officer and Assistant Secretary, respectively, of WILMINGTON TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by proper authority, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Kathleen D. Fry
Notary Public

[NOTARIAL SEAL]

My commission expires: August 31, 1984.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 23rd day of July, 1984, before me personally appeared R. E. Zimmerman and T. D. Marion, to me personally known, who being by me duly sworn, say that they are is the Treasurer and Assistant Secretary, respectively, of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires: August 31, 1984.

Description of Items of Equipment
Trailer Train, Trust No. 84-1
(First Chicago)

Maximum Aggregate Purchase Price of Equipment $15,000,000

Outside Delivery Date December 27, 1984

1) Manufacturer: Thrall Car Manufacturing Company
Quantity: 99
Unit Price: $26,150
Place of Delivery: Chicago Heights, Illinois

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$2,588,850	TTUX 121254 121307 121257 121313 121261 121316 121266 121320 121270 121323 121276 121333 121280 121337 121282 121340 121284 121342 121286 121344 121288 121348 121296 121350 121298 121353 121302 121356 All even numbers 121360-121498

2) Manufacturer: Itel Rail
Quantity: 26
Unit Price: $124,750
Place of Delivery: Portland, Oregon

Description of Equipment	Total Purchase Price	Identifying Mark/Number
5-Unit Impack Railcar	$3,243,500	UTTX all even car numbers from 60144-60194

Schedule A
(To Equipment Lease)

3) Manufacturer: Pacific Car and Foundry
Quantity: 157
Unit Price $26,222
Place of Delivery: Renton, Washington

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$4,116,854	TTUX all even car numbers from 140000 thru 140312

4) Manufacturer: Portec Railcar Division
Quantity: 100
Unit Price: $25,950
Place of Delivery: Clinton, Illinois

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$2,595,000	TTUX all even car numbers from 135000 thru 135198

5) Manufacturer: Trinity Industries
Quantity: 95
Unit Price: $25,850
Place of Delivery: Bessemer, Alabama

Description of Equipment	Total Purchase Price	Identifying Mark/Number
Single Platform Frontrunner Intermodal Flatcar	$2,455,750	TTUX all even car numbers from 145000-145188

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: Wilmington Trust Company, as Trustee
under Trailer Train Trust No. 84-1
(the "Lessor")

_____
(the "Manufacturer")

I, a duly appointed and authorized representative of TRAILER TRAIN COMPANY (the "Lessee") under the Equipment Lease dated as of June 1, 1984 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

IDENTIFYING NUMBERS:

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

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

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

Dated: _____, 19 __

_____
Inspector and Authorized
Representative of the Lessee

(Trailer Train Trust No. 84-1)

SCHEDULE B
(to Equipment Lease)

LEASE SUPPLEMENT NO. 1

This LEASE SUPPLEMENT NO. 1, dated as of _____, between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not individually but solely as Trustee under Trailer Train Trust No. 84-1 (the "Lessor"), and TRAILER TRAIN COMPANY, a Delaware corporation (the "Lessee");

WITNESSETH:

The Lessor and the Lessee have heretofore entered into that certain Equipment Lease dated as of June 1, 1984 (the "Lease"). The terms used herein are used with the meanings specified in the Lease.

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for, among other things, the purpose of confirming any change in Base Rentals and Casualty Value.

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

1. Section 2.1(a)(ii) of the Lease is hereby amended to read in full as follows:

> "(ii) Base Rental. Thirty-two (32) consecutive semiannual installments of Base Rental (the "Base Rental") payable in arrears, each in an amount equal to _____% of the Purchase Price thereof."

2. Schedule D to the Lease, showing Casualty Values, is hereby amended to read in full as attached hereto.

3. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Equipment Lease dated as of June 1, 1984" or the "Lease dated as of June 1, 1984" without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement unless the context shall otherwise require.

4. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, except as herein modified, shall be and remain in full force and effect.

5. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

SCHEDULE C
(to Equipment Lease)

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written and to be delivered as of the date first above written.

WILMINGTON TRUST COMPANY, not individually but solely as Trustee under Trailer Train Trust No. 84-1

[SEAL]

ATTEST:

By _____
Its _____

_____
Its _____

TRAILER TRAIN COMPANY

[SEAL]

By _____
Its _____

ATTEST:

_____
Its _____

Consented to as of the date first above written.

CONTINENTAL ILLOINIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Noteholder, as Secured Party

By _____
Its _____

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Issuer of Letter of Credit, as Secured Party

By _____
Its _____

STATE OF _____)
) SS
COUNTY OF _____)

On this ____ day of _____, 1984, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the _____ and _____, respectively, of WILMINGTON TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they 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 _____, 1984, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the _____ and _____, respectively, of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[NOTARIAL SEAL]

My commission expires:

SCHEDULE OF CASUALTY VALUE

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

Base Lease Commencement Date or Number of Base Rental Payment Date on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
Base Lease Commencement Date	87.002140%
July 1, 1985	89.126096
January 1, 1986	91.692095
July 1, 1986	92.688074
January 1, 1987	94.181628
July 1, 1987	94.107576
January 1, 1988	94.470242
July 1, 1988	93.205673
January 1, 1989	92.511542
July 1, 1989	90.754457
January 1, 1990	89.815830
July 1, 1990	87.764674
January 1, 1991	85.611057
July 1, 1991	83.257872
January 1, 1992	80.876927
July 1, 1992	78.347188
January 1, 1993	75.779021
July 1, 1993	73.060619
January 1, 1994	70.291235
July 1, 1994	67.370583
January 1, 1995	64.385092
July 1, 1995	61.247165
January 1, 1996	58.029127
July 1, 1996	54.657575
January 1, 1997	51.190684
July 1, 1997	47.568567
January 1, 1998	43.832917
July 1, 1998	39.970034
January 1, 1999	36.084570
July 1, 1999	32.176263
January 1, 2000	28.299660
July 1, 2000	24.333693
January 1, 2001	20.000382

(Trailer Train Trust No. 84-1)

ANNEX 1 TO SCHEDULE D
(to Equipment Lease)

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

Anniversary of Delivery and Acceptance	Percentage of Purchase Price
1st	19.8059%
2nd	15.8447
3rd	11.8835
4th	7.9224
5th	3.9612