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RECORDATION NO. 10670 Filed 1425

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NOV 18 1980 - 1 35 PM
INTERSTATE COMMERCE COMMISSION

No. C-323[illegible]
Date NOV 18 1980
$ 80.00
Washington, D.C.

November 13, 1980

Ms. Agatha L. Mergenovich
Secretary of the Interstate
Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C.

Re: Documents recorded under
Recordation No. 10670 originally
Filed and Recorded on July 25, 1979

Dear Madam:

I enclose for filing with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303, the following Documents:

1. Sublease of Railroad Equipment dated as of March 21, 1980, together with Certificate of Acceptance dated Nov. 14, 1980
   Sublessee: Chicago and Northwestern Transportation Company
   Sublessor: GAMS Transportation, Inc.

2. Assignment of Sublease and Agreement dated as of March 21, 1980
   Assignee: First Security State Bank, as Owner Trustee
   Assignor: GAMS Transportation, Inc.

3. Assignment of Lease, Reassignment of Sublease, Assignment of Surety Bond and Agreement dated as of March 21, 1980
   Assignee: First Security Bank of Utah, N.A., as Agent
   Assignor: First Security State Bank, as Owner-Trustee

John Austin

4. Amendment to Lease of Railroad Equipment dated as of July 1, 1979 (see Document No. 10670-B Filed and Recorded July 25, 1979 - 11:00 A.M.)
Lessee: GAMS Transportation, Inc.
Lessor: First Security State Bank, as Owner-Trustee

The documents listed above cover the railroad equipment (the "Equipment") described in Exhibit A to the Sublease. The Equipment is being leased by the Lessee from the Owner-Trustee pursuant to a Lease of Railroad Equipment dated as of July 1, 1979 and is being subleased by the Lessee as sublessor to the Sublessee pursuant to the Sublease referred to above. The right of the Lessee under the Sublease is being assigned to the Owner-Trustee and in turn is being reassigned to the Agent.

In addition, I enclose a check in the amount of $80.00 to cover the cost of recordation with the Secretary's Office.

Please return the stamped copies of the above documents to the bearer of this letter.

Very truly yours,

Thacher, Proffitt + Wood

THACHER, PROFFITT & WOOD,
as Agent for GAMS Transportation, Inc.

Interstate Commerce Commission
Washington, D.C. 20423

11/18/80

OFFICE OF THE SECRETARY

Thacher,Proffitt & Wood
40 Wall Street
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 11/18/80 at 1:35pm, and assigned re-recordation number(s). 10670-H,10670-I,10670-J & 10670-K

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 10670-B Filed 1425

NOV 18 1980 - 1 35 PM

INTERSTATE COMMERCE COMMISSION

SUBLEASE OF RAILROAD EQUIPMENT

between

GAMS TRANSPORTATION, INC.,
Sublessor,

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,
Sublessee.

(Covering 242 XF Boxcars)

SUBLEASE OF RAILROAD EQUIPMENT

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SUBLEASE OF RAILROAD EQUIPMENT dated as of March 21, 1980 (the "Sublease") between CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation ("Sublessee"), and GAMS TRANSPORTATION, INC. ("Sublessor"),

First Security State Bank, acting not in its individual capacity but solely as Trustee (the "Owner-Trustee") under a Trust Agreement dated as of July 1, 1979 (the "Trust Agreement") with Westinghouse Credit Corporation (the "Owner"), has entered into a conditional sale agreement (the "Security Document") with PULLMAN INCORPORATED (Pullman Standard Division) (the "Builder"), pursuant to which the Owner-Trustee has purchased the railroad equipment described in Schedule A hereto (the "Equipment").

The Builder assigned its interest in the Security Document pursuant to an Agreement and Assignment, dated as of July 1, 1979 (the "Assignment"), to First Security Bank of Utah, N.A., acting as Agent (together with its successors and assigns herein called the "Vendor" or "Agent"), under a Participation Agreement dated as of July 1, 1979 (the "Participation Agreement") with the Sublessor, the Rock Island (as hereinafter defined), the Owner-Trustee, the Owner and the party or parties named in Schedule A attached to the Participation Agreement (the "Investors").

The Sublessor is leasing from the Owner-Trustee units of the Equipment which were delivered and accepted and settled for under the Security Document (the "Items"), pursuant to a Lease of Railroad Equipment dated as of July 1, 1979 (the "Lease").

The Sublessor entered into a Sublease of Railroad Equipment dated July 1, 1979 (the "Rock Island Sublease") with William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, as sublessee (the "Rock Island"), with respect to the Items and the Sublessor and Rock Island have entered into a Termination Agreement dated as of March 21,1980 (the "Termination Agreement") with respect to the Rock Island Sublease.

The Sublessor desires to sublease the Items delivered to it (the "Units") to the Sublessee hereunder at the rentals and for the term and upon the conditions hereinafter provided.

The Sublessor intends to assign certain of its rights under this Sublease to the Owner-Trustee pursuant to an Assignment of Sublease and Agreement, dated as of the date hereof (the "Sublease Assignment"), and the Sublessee will consent to the Sublease Assignment pursuant to a Sublessee's Consent and Agreement (the "Sublessee's Consent").

The Owner-Trustee intends to assign certain of its rights under the Sublease and the Sublease Assignment to the Vendor pursuant to an Assignment of Lease, Reassignment of Sublease, Assignment of Surety Bond and Agreement dated as of the

date hereof (hereinafter called the Sublease Reassignment), and the Sublessee will consent to such Sublease Reassignment pursuant to a Consent and Agreement (such Consent, together with the Sublessee's Consent, being hereinafter collectively called the Consents).

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

§1. NET LEASE

This Sublease is a net lease. Sublessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and Sublessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, counterclaims, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of Sublessee against Sublessor under this Sublease or against Builder or Agent or otherwise; nor, except as otherwise provided, shall this Sublease terminate, or the respective obligations of Sublessor or Sublessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Sublessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Sublease, any insolvency of or any bankruptcy, reorganization or similar proceeding against Sublessee, 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 shall be payable by Sublessee hereunder and shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Sublease. To the extent permitted by applicable law, Sublessee 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 sublease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by Sublessee hereunder shall be final and Sublessee shall not seek to recover all or any part of such payment from Sublessor or Agent for any reason whatsoever. Notwithstanding any other of the terms of this Sublease, Sublessee may recover or reduce rental payments hereunder by the amounts, but only by the amounts, permitted under §3 hereof.

§2. DELIVERY OF UNITS

The Sublessee recognizes that the Rock Island Sublease has been terminated pursuant to the Termination Agreement, but that neither the Owner-Trustee nor the Sublessor has on the date of execution of this Sublease, repossessed all the Items from the Rock Island, although some Items have been delivered to Sublessee under a Letter Agreement dated March 5, 1980, as amended (the "Letter Agreement"), between the Sublessee and the Sublessor, which Letter Agreement will be superseded by this Sublease with respect to each Unit, except for the computation of Free Rental Days in accordance with §3.1(b) hereof. On the date (the "Delivery Date") on which each Unit is delivered, at the sole expense of the Sublessor, to a Primary Interchange Point (listed in Exhibit A) or to any Sublessee interchange points (any such points that are not Primary Interchange Points are defined to be "Secondary Interchange Points") (such Secondary Interchange Points shall not include interchange points on lines formerly controlled or owned by the Rock Island and operated by the Sublessee) (the Primary and Secondary Interchange Points are collectively defined to be the "Interchange Points"), the Sublessee will cause an employee or agent of the Sublessee to initially inspect each Unit for obvious damage (to the extent of the Sublessee's normal practice). Documentation necessary to assert claims by the Sublessor against third parties as to the condition of each Unit shall be prepared on or as soon as practicable after the Delivery Date. Sublessee shall not be responsible for the cost of repairs for damage to any Unit not discovered in such inspections at the Interchange Point.

Each Unit, at the sole expense of the Sublessee, will be moved from the Interchange Point at which such Unit is delivered to a repair point of the Sublessee (the "Repair Point") for a thorough inspection. The Sublessee shall restore each Unit to the condition of a new unit, less normal wear and tear for the age of such Unit. Sublessee will accumulate all charges for repair work (the "Damage Repair Work") and shall assist the Sublessor in asserting claims against the Rock Island or any other responsible entity for the cost of such repair, including the preparation and delivery of initial billing to such parties and the furnishing of any information within its control to Sublessor.

Any Unit having Damage Repair Work in excess of $250.00 will be set aside by the Sublessee, and the Sublessee shall notify the Sublessor and Sublessor shall notify the Rock Island as to (i) the Damage Repair Work which the Sublessee recommends, (ii) the estimated cost of such Damage Repair Work and (iii) the time required by the Sublessee to complete such Damage Repair Work. Should the Rock Island acknowledge responsibility for the Damage Repair Work for any Unit and approve such Damage Repair Work, the Sublessor shall notify the Sublessee and the Sublessee shall commence such Damage Repair Work. In the event the Rock Island does not acknowledge responsibility for Damage Repair Work to any Unit, the Sublessee agrees to await the instructions of the Sublessor with respect to such Unit.

Sublessee agrees to execute and deliver to Sublessor a certificate of acceptance in the form of Exhibit A attached hereto, as to each Unit delivered to Sublessee and, in accordance with Sublessee's inspection, in the condition of a new Unit, less normal wear and tear for the age of such Unit, (i) as to each Unit so delivered and in such condition before the date of execution of this Sublease, promptly after the execution of this Sublease and (ii) as to each Unit so delivered and in such condition on or after the date of execution of this Sublease, promptly after such Unit is first so delivered and in such condition.

§3. RENTALS

3.1. Amount and Date of Payment. (a) Sublessee agrees to pay to the Sublessor as rental for each Unit made subject to this Sublease one interim payment (the "Interim Rent"), followed by consecutive quarterly payments (the "Quarterly Rent") payable in arrears, the last such payment to be on April 15, 2002. Quarterly Rent shall be payable on January 15, April 15, July 15 and October 15 (each such date being a "Quarterly Rent Date"). Interim Rent for Units not requiring Damage Repair Work in excess of $250 shall be in an amount equal to $9.80 per Unit times the aggregate number of days from and excluding the day each respective Unit is received at an Interchange Point to and excluding the Quarterly Rent Date following such receipt, minus Free Rental Days (defined below), and shall be payable (i) on the Quarterly Rent Date next following receipt of each respective Unit for each such Unit received during the quarter up to the fifteenth day preceding such Quarterly Rent Date or (ii) on the second Quarterly Rent Date following receipt of such Unit for any such Unit received during the fifteen days immediately preceding a Quarterly Rent Date. Interim Rent for each Unit requiring Damage Repair Work in excess of $250 shall be in an amount equal to $9.80 times the number of days from and excluding the day such Damage Repair Work is completed, as determined by the Sublessee's inspection, to and excluding the next Quarterly Rent Date, and shall be payable (i) on the Quarterly Rent Date next following completion of such Damage Repair Work for any Unit as to which completion of such Damage Repair Work occurs prior to the fifteenth day preceding such Quarterly Rent Date or (ii) on the second Quarterly Rent Date following completion of such Damage Repair Work for any such Unit as to which completion of such Damage Repair Work occurs during the fifteen days preceding a Quarterly Rent Date. The date on which Interim Rent is payable under the foregoing provisions is hereinafter called the "Interim Rent Date". Payments of Quarterly Rent shall commence on the Quarterly Rent Date next succeeding the Interim Rent Date for each Unit, and shall be equal to $882.00 for such Unit through and including the Quarterly Rent due April 15, 2000; commencing with the Quarterly Rent due July 15, 2000 through and including the Quarterly Rent due April 15, 2002, Quarterly Rent for each Unit shall be equal to $847.35.

(b) Computation of Free Rental Days. "Free Rental Days" shall be computed in accordance with Section 5 of the Letter Agreement.

3.2 Payments on Nonbusiness Days. If any of the Quarterly Rent Dates referred to in §3.1 above is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Owner-Trustee. The Sublessor irrevocably instructs the Sublessee to make, and the Sublessee agrees to make, all the payments (other than payments under §6 and §16 hereof) due the Sublessor provided for in this Sublease including, but not limited to, all payments provided for in this §3 and in §§7 and 9 hereof, (i) for so long as the Security Document shall remain in effect, to the Vendor, for the account of the Owner-Trustee, in immediately available funds at or prior to 11:00 A.M. (Salt Lake City time) to the office of the Vendor (at 79 South Main Street, Suite 310, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department) on the date due, with instructions to the Vendor to apply such payments in accordance with the provisions of the first paragraph of Paragraph 10 of the Participation Agreement, and (ii) if the Security Document shall no longer be in effect, to the Owner-Trustee or as directed by the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing.

3.4 Cost of Transportation, Repairs and Repainting. The cost of Damage Repair Work performed by Sublessee shall be calculated in accordance with the billing prices stated in the Association of American Railroads Interchange Rules (the "AAR Rules"), unless a lower rate reflects the Sublessee's actual costs for work performed by outside contractors. The Sublessor shall pay the Sublessee for Damage Repair Work, transportation and painting by a setoff against payments of Interim Rent and Quarterly Rent due hereunder, in the following manner. The Sublessee shall be entitled to amortize, over the 12 payments of rent due hereunder on the Quarterly Rent Dates commencing October 15, 1980 and ending July 15, 1983, an amount equal to $520.00 (representing an allowance of $100.00 per Unit for the cost of Damage Repair Work, and $420.00 per Unit for transportation and repainting) times the number of Units then delivered as of each of such Quarterly Rent Dates, provided that the amount to be amortized on each Quarterly Rent Date after October 15, 1980 shall be adjusted to effect a cumulative amortization retroactive to October 15, 1980 for each Unit which first became subject to rent hereunder during the quarter preceding such Quarterly Rent Date.

After completion of all Damage Repair Work to all Units delivered hereunder, if the total cost of such Damage Repair Work exceeds $100.00 times the total number of Units delivered, then such excess shall be amortized over the payments of rent due hereunder on the 12 quarterly rent dates next following computation of such excess.

§4. TERM OF SUBLEASE

4.1 Beginning and Termination; Survival. The term of this Sublease as to each Unit shall begin on the Delivery Date of such Unit hereunder and, subject to the provisions of §§7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to §3.1 hereof. The obligations of Sublessee hereunder (including, but not limited to, the obligations under §§3, 6, 7, 9, 11, 14, 16 and 17 hereof) shall survive the expiration of the term of this Sublease.

4.2. Rights and Obligations of Sublessee Subject to Security Document. Notwithstanding anything to the contrary contained herein, all rights and obligations of Sublessee under this Sublease and in and to the Units are subject to the rights of Agent under the Security Document and the Owner-Trustee under the Lease. If an event of default should occur under the Security Document as provided in §10.1(F) hereof, Agent may terminate this Sublease (or rescind its termination), all as provided therein.

4.3. Rights and Obligations of Sublessee Subject to Lease. If an Event of Default should occur under §10 of the Lease, upon notice by the Owner-Trustee or the Vendor to the Sublessor and Sublessee, the participation of the Sublessor under this Sublease shall, without the consent of the Sublessor or the Sublessee and immediately and automatically and without any further action, be terminated, and the Owner-Trustee without its further consent and immediately and automatically and without any further action shall become the Sublessor under this Sublease; and the Sublessor hereby agrees and acknowledges that in such event it shall no longer be a party to this Sublease and that it would no longer have any claim whatsoever to any rental payments paid to the Vendor pursuant to §3 hereof subsequent to such event.

§5. IDENTIFICATION MARKS

Sublessee (at its own expense) will cause each Unit to be kept numbered with the new road number set forth for such Unit in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Sublease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or

other appropriate words designated by the Owner-Trustee, the Sublessor or the Agent, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect Owner-Trustee's and Agent's title to and interest in such Unit and the rights of Sublessor under this Sublease and of the rights of Agent under the Security Document. Sublessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced or destroyed. Sublessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Agent, the Owner-Trustee and the Sublessor and duly filed, recorded and deposited by Sublessee in all public offices where this Sublease and the Security Document shall have been filed, recorded and deposited and (ii) Sublessee shall have furnished Agent and Owner-Trustee an opinion of counsel, satisfactory to Agent, Owner-Trustee and Sublessor, to such effect and to the further effect that such acts are sufficient for the proper protection, to their satisfaction, of Agent's, Owner-Trustee's and Sublessor's respective interests in the Units. The Units may be lettered with the names or initials or other insignia customarily used by Sublessee or its affiliates.

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

§6. GENERAL TAX INDEMNIFICATION

For conditions and events occurring from and after the commencement of the term of the Sublease as to each Unit, the Sublessee agrees to pay or cause to be paid, and upon written demand indemnify and hold the Sublessor, the Owner-Trustee, the Owner, the Builder, the Vendor, the Investors and the estate held by the Owner-Trustee under the Trust Agreement and by the Vendor under the Participation Agreement harmless from any Federal, state, local or foreign taxes (including income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible], stamp and minimum [imposed under Section 56 of the Internal Revenue Code of 1954, as amended; the Internal Revenue Code is hereinafter called the Code] taxes), or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by any Unit or this Sublease or any manufacture, sale, rental, ownership, possession, use, payment, shipment, delivery, nondelivery, rejection, transfer of title, return or other disposition of the Equipment (other than a disposition by Owner-Trustee or Sublessor following return of any Unit in accordance with §14 hereof), under the terms hereof or the Security Document (other than any United States

Federal income tax [and, to the extent that Owner receives credit therefor against its United States Federal income tax liability, any foreign income tax] on or measured by the net income of Sublessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes on or measured by the net income of Owner-Trustee or Sublessor based on such receipts and value added taxes in lieu of such net income taxes up to the amount of any such taxes which would be payable to the state and city in which Owner-Trustee or Sublessor, as the case may be, has its principal place of business without apportionment to any other state, and other than any state franchise tax which is not based on or measured by net income, except any such tax which is in substitution for, or relieves Sublessee from the payment of, taxes which Sublessee would otherwise be obligated to pay pursuant to this §6), all of which impositions Sublessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Sublessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the receipts or earnings arising therefrom (except as provided above) or upon Owner-Trustee by reason of its ownership thereof or Sublessor by reason of its interest therein and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of Owner-Trustee or the interest of Owner or Sublessor or result in a lien upon any such Unit; provided, however, that Sublessee shall be under no obligation to pay any imposition of any kind so long as such imposition remains unpaid and Sublessee is contesting in its own name and in good faith and by appropriate legal or administrative proceedings such impositions, or Owner-Trustee, Owner or Sublessor, as the case may be, is required to contest such impositions as provided in this §6, and the nonpayment thereof does not, in the reasonable opinion of such party, adversely affect the title, property of rights of Owner-Trustee or Owner hereunder or Agent under the Security Document. Sublessee agrees to give such party notice of such contest brought in Sublessee's name within 30 days after institution thereof and Sublessor agrees to provide such information as may be reasonably requested by Sublessee in furtherance of such contest. If any impositions shall have been charged or levied against such party directly and paid by such party, Sublessee shall pay such party on presentation of an invoice therefor if such party shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for such party) or Sublessee shall have approved the payment thereof, and such party agrees to give Sublessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees to take such other action as may reasonably be requested by Sublessee for the purpose of contesting payment or obtaining refund of all or a portion of such imposition, as hereinafter provided in this §6.

In the event that Sublessor shall become obligated to make any payment to Builder or Agent or otherwise pursuant to any

corresponding provision of the Security Document not covered by the foregoing paragraph of this §6, Sublessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to Sublessor to fulfill completely its obligations pursuant to said provision; provided, however, that Sublessor shall have contested (if required to do so under this §6) such impositions in good faith and to the extent permitted under the Security Document.

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

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

If claim is made against any indemnified party for any impositions indemnified against under this §6, such party shall promptly notify Sublessee. If reasonably requested by Sublessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of Sublessee, contest in good faith the validity, applicability or amount of such impositions by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. Sublessee may also contest, or cause to be contested, at its own expense, the validity, applicability or amount of such impositions in the name of such indemnified party, provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior written consent of such indemnified party, which consent shall not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such impositions previously reimbursed by Sublessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by Sublessee and the period of such payment, such

indemnified party shall pay to Sublessee the amount of such refund or interest net of expenses, but only if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing.

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

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

§7. MAINTENANCE; CASUALTY OCCURRENCES; INSURANCE

7.1 Maintenance. The Sublessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an Addition (as hereinafter defined) thereto as hereinbelow provided) which is subject to this Sublease in good operating order, repair and condition, ordinary wear and tear excepted, and, in any event, in the condition that will permit such Unit to qualify as a box car of "XF Class" as defined, as of July 20, 1979, by the Association of American Railroads; provided, however, that the Sublessee shall not be required to keep any Unit in actual "XF" service.

7.2. Definition of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Sublessee or any other sublessee permitted under §12 hereof for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Sublease (such occurrences being hereinafter called Casualty Occurrences), during the term of this Sublease, or until such Unit shall have been returned in the manner provided in §11 or §14 hereof, the Sublessee shall promptly and fully notify or cause to be notified (after the Sublessee has

knowledge of such Casualty Occurrence) the Owner-Trustee, the Sublessor and the Vendor with respect thereto. On the Quarterly Rent Date (not earlier than the first regular Quarterly Rent Date) next succeeding the delivery of such notice (or, in the event such Quarterly Rent Date will occur within 15 days after delivery of notice, on the following Quarterly Rent Date, or, in the event the term of this Sublease has already expired or will expire within 15 days after delivery of such notice, on a date within 15 days of such delivery), the Sublessee shall pay or cause to be paid to the Owner-Trustee an amount equal to the Quarterly Rent or payments in respect of such Unit due and payable, if any, on such date plus a sum equal to the Casualty Value of such Unit as of such Quarterly Rent Date or dates (such Quarterly Rent Date or dates being hereinafter called the Calculation Date). Upon the making of such payment by or on behalf of the Sublessee in respect of any Unit, the rental for such Unit, if any, shall cease to accrue as of the date of such payment, the term of this Sublease as to such Unit shall terminate, unless this Sublease has already terminated in accordance with its terms, and (except in the case of the loss, theft or complete destruction of such Unit) the Owner-Trustee shall be entitled to recover possession of such Unit.

If the date upon which the making or causing to be made of such payment by the Sublessee in respect of any Unit as required as aforesaid shall be after the term of this Sublease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term but the Sublessee, in addition to paying the Casualty Value for such Unit, shall pay or cause to be paid interest thereon from the end of such term to the date of such payment at the prime rate of interest which Manufacturers Hanover Trust Company charges on the date of such payment for 90-day unsecured loans to large corporate borrowers of the highest credit standing.

7.3. Amount of Casualty Value. The Casualty Value of each Unit as of the Calculation Date for each such Unit shall be that percentage of the Purchase Price of each Unit as is set forth in Item I of Schedule B hereto opposite such date. The aforesaid percentages have been computed without regard to recapture of the Investment Credit (as defined in §16 hereof). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence during the period preceding the third, fifth or seventh anniversary of the date of the original delivery and acceptance of such Unit under the Rock Island Sublease shall be increased by the applicable percentage of the Purchase Price set forth in Item II of Schedule B hereto and such additional amounts, if any, shall be included within the meaning of the term "Casualty Value" as used herein.

7.4. Sublessee Agent for Disposal. The Sublessor, for itself and as agent of the Owner-Trustee pursuant to the provisions of the third paragraph of Section 7 of the Lease, hereby appoints the Sublessee its agent to dispose of any Unit suffering a Casualty Occurrence before or after the expiration of this Sublease, at

the best price obtainable on an "as is, where is" basis. Provided that the Sublessee has previously paid the Casualty Value to the Owner-Trustee and no Event of Default hereunder, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Sublessee shall be entitled to retain the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee. If any such Event of Default or event has occurred and is continuing, the Sublessee shall promptly pay all such proceeds to the Owner-Trustee.

7.5. Requisition of Units. In the event of the requisition for use of any Unit, during the term of this Sublease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Sublessee's obligations under this Sublease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned at any time after the end of the term of this Sublease, the Sublessee shall be obligated to return such Unit to the Owner-Trustee pursuant to §11 or §14 hereof, as the case may be, promptly upon such return rather than at the end of the term of this Sublease; but the Sublessee shall in all other respects comply with the provisions of said §11 or §14, as the case may be, with respect to such Unit. During the term of this Sublease, all payments received by the Sublessor, directly or through the Owner-Trustee pursuant to the provisions of the 5th paragraph of Section 7 of the Lease, from the requisitioning authority for the use of such Unit shall be paid over to the Sublessee, and the Sublessee may retain all such payments it receives directly, all provided that no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing. After the term of this Sublease, the Sublessee shall pay over to the Owner-Trustee all such payments received by the Sublessee.

7.6. No Release. Except as hereinabove in this §7 provided, Sublessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by Sublessee hereunder.

7.7. Insurance To Be Maintained. The Sublessee will, at all times prior to the return of the Equipment to Sublessor, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the Units at the time subject hereto, in amounts (subject to customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by Lessee in respect of similar equipment owned by it. Any policies of insurance carried in accordance with this paragraph shall name Agent, Owner-Trustee, Sublessor and Owner as

additional insureds as their respective interests may appear. Upon reasonable request, Sublessee shall supply Agent, Owner-Trustee, Sublessor and Owner with a statement naming such policies and the carriers and underwriters thereof and specifying in reasonable detail the coverage, limitations and deductibles with respect thereto. If Sublessor shall receive any insurance proceeds or condemnation payments in respect of a Unit suffering a Casualty Occurrence, Sublessor shall, subject to Sublessee's having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to Sublessee up to an amount equal to the Casualty Value with respect to a Unit paid by Sublessee and any balance of such proceeds or condemnation payments shall remain the property of Sublessor. All insurance proceeds received by Sublessor from Sublessee's insurance coverage in respect of any Unit not suffering a Casualty Occurrence shall be paid to Sublessee upon proof satisfactory to Sublessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

The Sublessee shall give the Owner-Trustee and the Vendor 30 days written notice before any such policy shall be materially altered or cancelled or not renewed. In January of each year and at any other time reasonably requested by Sublessor during the term hereof, the Sublessee shall deliver to the Owner-Trustee and the Vendor a certificate of insurance by or on behalf of each broker or brokers stating the coverage, named insureds and limits of each such policy.

§8. REPORTS AND INSPECTION

On or before April 30 in each year during the term hereof, commencing with the calendar year 1981, Sublessee will furnish to Owner-Trustee, Sublessor and Agent (a) an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units then subleased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as Owner-Trustee, Sublessor or Agent may reasonably request, (ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by §5 hereof have been preserved or replaced and (iii) setting forth a description of the insurance in effect with respect to the Units pursuant to §7 hereof and stating that such insurance insures the Units in amounts (subject to customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by Sublessee in respect of similar equipment owned by it, and (b) a certification of

insurance coverage from Sublessee's independent broker stating the amounts of such insurance in effect and the amount of deductible. Sublessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and Sublessee's records with respect thereto at such reasonable times as Sublessor may request during the continuance of this Sublease. Sublessee shall promptly notify Owner-Trustee, Sublessor and Agent of any material changes or any material proposed changes of which Sublessee has knowledge in its insurance coverage in effect with respect to the Units pursuant to §7 hereof.

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

9.1. Disclaimer of Warranties. OWNER-TRUSTEE, SUBLESSOR AND OWNER DO NOT MAKE ANY, HAVE NOT MADE ANY AND SHALL NOT BE DEEMED TO HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO SUBLESSEE HEREUNDER, AND OWNER-TRUSTEE, SUBLESSOR AND OWNER MAKE NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR COMPONENT THEREOF, EITHER UPON DELIVERY THEREOF TO SUBLESSEE OR OTHERWISE, it being agreed that all such risks, as between Sublessor and Sublessee, are to be borne by Sublessee; but Sublessor hereby irrevocably appoints and constitutes Sublessee its agent and attorney-in-fact during the term of this Sublease to assert and enforce from time to time, in the name of and for the account of Sublessor and/or Sublessee, as their interests may appear, at Sublessee's sole cost and expense, whatever claims and rights Sublessor may have against Builder under the provisions of Items 3 and 4 of Annex A of the Security Document; provided, however, that if at any time an Event of Default shall have occurred and be continuing, Sublessor may assert and enforce, at Sublessee's sole cost and expense, such claims and rights. The Owner-Trustee shall have no responsibility or liability to the Sublessor, Sublessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. Sublessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between Sublessee and Sublessor that the Units described therein are in all the foregoing respects satis-

factory to Sublessee, and Sublessee will not assert any claim, except for the reduction in rent provided for in §3, of any nature whatsoever against Sublessor based on any of the foregoing matters.

9.2. Compliance with Laws and Rules. Sublessee agrees, for the benefit of Owner-Trustee, Sublessor and Agent, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the AAR Rules and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units and with all other applicable interchange rules, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Sublease or any renewal hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, Sublessee will conform therewith at its own expense; provided, however, that Sublessee, upon written notice to the Sublessor, the Owner-Trustee and the Agent, may at its own expense in good faith contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of Sublessor or Agent, adversely affect the property or rights of Sublessor or Agent under this Sublease or under the Security Document; provided further, however, the Sublessee shall not be required to comply with such laws and rules requiring alteration, replacement, addition or modification of or to any part on any Unit after this Sublease shall have terminated as to such Unit even though such Unit has not been redelivered to Sublessor pursuant to §11 or §14.

Sublessee, at its own cost and expense, may furnish other additions, modifications and improvements (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (collectively "Additions") to the Units as Sublessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Sublease; provided, however, that no such Addition shall be made if in the case of an addition or modification the Unit cannot be readily restored to its original condition immediately prior to the time at which such addition or modification was made or in the case of an addition, it is not readily

removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such addition not been made, assuming the Unit was then in the condition required to be maintained by the terms of this Sublease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in Owner-Trustee and be subject to a valid first lien and prior perfected security interest under the Security Document in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or such Part is in replacement of, or in substitution for, any such original Part; (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the provisions of §7.1 hereof or the terms of the first sentence of this §9.2; or (iii) notwithstanding the provision in the preceding paragraph, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in Sublessee and may be removed by Sublessee at any time during the term of this Sublease or any renewal thereof and prior to the return of the Units to Sublessor pursuant to §11 or §14 hereof. The term "Part" shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

9.3. Indemnification. Notwithstanding any other provision of this Sublease, the Sublessor and the Sublessee agree that the Sublessee will not be responsible hereunder for any liability, cost or expense of any name, nature or description in connection with this Sublease or any Unit arising prior to, or as a result of conditions or events occurring prior to, the commencement of the term of this Sublease as to each Unit. The Sublessor shall pay, and protect, indemnify and hold harmless the Sublessee and its successors, agents, assigns and servants from and against any and all such liability, cost or expense which may be imposed on, incurred by or asserted against the Sublessee or any of its successors, agents, assigns and servants.

The Sublessee shall pay, and shall protect, indemnify and hold the Sublessor, the Owner-Trustee, the Owner, the Investors and the Vendor (for the purposes of this paragraph only), and their respective successors, assigns, agents and servants (hereinafter called Indemnified Persons), as third party beneficiaries

hereof, harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto), as a result of conditions or events occurring with respect to any Unit from and after the commencement of this Sublease as to such Unit, in any way relating to or arising or alleged to arise out of this Sublease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Sublessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort or imposed by statute; (v) any injury to or the death of any person or damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaption or maintenance of the Units or any other equipment in connection with the Units (whether owned or under the control of the Sublessee, the Owner-Trustee, the Sublessor or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation (except by the Indemnified Person seeking indemnity hereunder), of any provision of this Sublease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, subleasing, ownership, use, replacement, adaption or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Sublease Reassignment, the Security Document, or the Participation Agreement, except to the extent such claim arises from a negligent act or negligent omission or willful wrongdoing of the Owner-Trustee, or any claim arising out of any of the Sublessor's obligations under the Sublease Assignment, the Lease or the Participation Agreement, except to the extent such claim arises from an act or omission of the Sublessor; or (viii) any claim arising out of the Vendor's holding a security interest under the Security Document or the Sublease Reassignment; <u>excluding, however</u>, in the case of the Builder, (i) any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant under the Security Document by the Builder and (ii) any matter covered by the Builder's warranty of material and workmanship and patent indemnification set forth in Item 3 of Annex A to the Security Document. All payments hereunder shall be made directly to the Indemnified Person. The Sublessee shall be obligated under this §9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemni-

fication may proceed directly against the Sublessee under this §9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Sublessee may and, upon such Indemnified Person's reasonable request, will at the Sublessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Sublessee and approved by such Indemnified Person, as the case may be, and in the event of any failure by the Sublessee to do so, the Sublessee shall pay all costs and expenses (including without limitation reasonable attorney's fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Sublessee is required to make any payment under this §9, the Sublessee shall pay or cause to be paid to such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the discretion of the Indemnified Person), shall be equal to the amount of such payment. The Sublessee and the Sublessor each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of, or the making of provision satisfactory to the Indemnified Person for the full payment of, any indemnities as contained in this §9 by the Sublessee, and provided that no Event of Default, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Sublessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Sublessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Sublessee pursuant to this §9 shall be paid over to the Sublessee to the extent necessary to reimburse the Sublessee for indemnification payments previously made in respect of such matter.

Sublessee shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of any or all of the Units.

Sublessee agrees to prepare and deliver to Sublessor and Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Sublessor or Owner-Trustee, as appropriate) any and all reports (other than tax returns) to be filed by Sublessor and Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by Owner-Trustee or Agent of the Units or

the leasing thereof to Sublessor or the subleasing thereof to the Sublessee.

The indemnities contained in this §9.3 shall survive the expiration or termination of this Sublease and return of the Units as provided in §14 hereof with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this §9.3 shall be deemed to create any rights of subrogation in any insurer or third party against Sublessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The foregoing indemnities by Sublessee shall not constitute a guarantee by Sublessee of the payment of any installments of principal or interest payable under the Security Agreement or a guarantee of the residual value of any Unit.

§10. DEFAULT

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

(A) default shall be made in payment of any amount provided for in §3, §6, §7, §13 or §16 of this Sublease and such default shall continue for five days, or default shall be made in payment of any other amount provided for in this Sublease and such default shall continue for 10 days after written notice from Owner-Trustee, Sublessor or Agent to Sublessee specifying the default and demanding that the same be remedied; or

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

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Sublessee contained herein and such default shall continue for 30 days after written notice from Owner-Trustee, Sublessor or Agent to Sublessee specifying the default and demanding that the same be remedied; or

(D) a petition for reorganization under Title 11 of the United States Code ("U.S.C."), as now constituted or as may hereafter be amended, shall be filed by or against Sublessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or

such ineffectiveness shall continue), all the obligations of Sublessee under this Sublease and the Sublessee's Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. §1168, or any successor provision, as the same may hereafter be amended; or

(E) any other proceedings shall be commenced by or against Sublessee for any relief which includes, or might result in, any modification of the obligations of Sublessee hereunder, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of Sublessee hereunder or under the Sublessee's Consent), 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 ineffectivenss shall continue), all the obligations of Sublessee under this Sublease and the Sublessee's Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Sublessee or for the property of Sublessee in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(F) an event of default set forth in subparagraph (e) of Article 15 of the Security Document with respect to Great American Insurance Company, or in subparagraph (g) of Article 15 of the Security Document shall have occurred or, any other event of default set forth in such Article 15 shall have occurred and either (i) such event results from any default by the Sublessee in performing any of its obligations hereunder or (ii) the Payments (as defined in the Sublease Reassignment) are not for any reason being applied as provided in Paragraph 1 of the Sublease Reassignment;

then, in any such case, Sublessor, at its option, may:

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

(b) by notice in writing to Sublessee terminate this Sublease, whereupon all rights of Sublessee to the use of the Units shall absolutely cease and terminate as though this Sublease had never been made, but Sublessee shall remain liable as herein provided; and thereupon Sublessor may by its agents enter upon the premises of Sublessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, sublease to others and enjoy the same free from any right of Sublessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to Sublessee for such action or inaction or for any proceeds arising therefrom; but Sublessor shall, nevertheless, have a right to recover from Sublessee any and all amounts which under the terms of this Sublease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Sublessee as liquidated damages for loss of the bargain and not as a penalty, whichever of the following amounts Sublessor, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the then present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Sublease as to such Unit over (2) the then present value of the rentals which Sublessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an 8% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Sublease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which Sublessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Sublease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the Quarterly Rent Date on or next preceding the date of termination over the amount Sublessor reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event Sublessor shall, in good faith, have sold or subleased any Unit, Sublessor, in lieu of collecting any amounts payable to Sublessor by Sublessee pursuant to the preceding

clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that Sublessee pay Sublessor and Sublessee shall pay to Sublessor on the date of such sale or subleasing, as the case may be, as liquidated damages for loss of a bargain and not as a penalty (i) in the case of such a sale an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the Quarterly Rent Date on or next preceding the date of termination, over the net proceeds of such sale, and (ii) in the case of such a subleasing, an amount equal to the excess, if any, of the present value of all Quarterly Rent for such Unit which would otherwise have accrued hereunder from the date of termination to the end of the term of this Sublease as to such Unit over the sum of (I) the then present value of all rental for such Unit required under such new sublease plus (II) the then present value of the rental (if any) which Sublessor reasonably estimates to be obtainable for the Unit during the period comencing on the termination of such new sublease and ending on the date the term of this Sublease would have terminated if it had not been terminated early due to default, each such present value to be computed in each case on the basis of an 8% per annum discount, compounded, in the case of rental which is estimated under clause (II) of this sentence, quarterly from the respective dates upon which rentals would have been payable hereunder had this Sublease not been terminated and, in the case of rental under such new sublease, periodically from the respective dates upon which such rental shall be payable thereunder.

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

10.2. Remedies Not Exclusive; Waiver. The remedies in this Sublease provided in favor of Sublessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. Sublessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. Sublessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by Sublessee or on its behalf, subject only to the last sentence of §1 hereof.

10.3. Failure To Exercise Rights Is Not Waiver. The failure of Sublessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies; and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Sublessor.

10.4. Notice of Event of Default. Sublessee shall furnish Sublessor, and Owner-Trustee and Agent, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Sublease 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 §10.4, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of Sublessee in this Sublease contained, any corporate officer of Sublessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Sublease with respect thereto.

§11. RETURN OF UNITS UPON DEFAULT

11.1. Return of Units. If this Sublease shall terminate pursuant to §10 hereof, the Sublessee shall forthwith deliver possession of the Units to Sublessor. Each Unit so delivered shall (i) be in the same operating order, repair and condition as when originally delivered to Sublessee, reasonable wear and tear and modifications, if any, permitted by this Sublease excepted and (ii) meet standards then in effect under the AAR Rules, if applicable, or such comparable standards as may then be in effect. For the purpose of delivering possession of any Unit or Units to Sublessor as above required, Sublessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the AAR and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) cause such Unit or Units to be transported to such location as shall be reasonably designated by the Sublessor and there assembled;

(b) furnish and arrange for the Sublessor to store such Units on any lines or premises approved by the Sublessor until such Units have been sold, subleased or otherwise disposed of by Sublessor; and

(c) cause the Units to be moved to such interchange point or points of the Sublessee's lines of railroad as shall be reasonably designated by Sublessor upon any sale, lease or other disposal of all or any of the Units.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of Sublessee (and the Sublessee will maintain the insurance required by §7 of this Sublease to be maintained during the period) and are of the essence of this Sublease, and upon application to any court of equity having jurisdiction in the premises Sublessor shall be entitled to a decree against Sublessee requiring specific performance of the covenants of Sublessee so to assemble, deliver, store and transport the Units. During any storage period, Sublessee will, at its own cost and expense, maintain and keep the Units in good order and repair, ordinary wear and tear excepted, and will permit Sublessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, sublessee or user of any such Unit, to inspect the same, provided, however, that the Sublessee shall not be liable for any injury to or the death of any person exercising, either on behalf of the Sublessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or willful wrongdoing of the Sublessee or of its employees or agents and except to the extent otherwise provided by law. In the event the Units or any thereof are sold, the Sublessee shall pay to the Sublessor the per diem, incentive per diem and mileage charges for each Unit which shall not have been assembled, delivered and stored, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

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

§12. ASSIGNMENT; POSSESSION AND USE

This Sublease shall be assignable in whole or in part by Sublessor without the consent of Sublessee, but Sublessee shall be under no obligation to any assignee of Sublessor except upon written notice of such assignment from Sublessor. All the rights of Sublessor hereunder (including, but not limited to, the rights under §§6, 7, 10 and 16 and the rights to receive the rentals payable under this Sublease) shall inure to the benefit of Sublessor's assigns.

So long as Sublessee shall not be in default under this Sublease, the credit standing of Sublessee shall be equal to or better than its credit standing on March 31, 1980, and Sublessee shall have fully complied with the provisions of the fourth paragraph of this §12, Sublessee shall be entitled to the possession and use of the Units, and, for periods up to six months, no more than once a year, without Sublessor's consent but with 30 days prior notice, to sublease the Units to, or to permit their use

by, a Class I railroad whose credit standing is equal to or better than the Sublessee's at March 31, 1980, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through service or run-through service, but only upon and subject to all the terms and conditions of this Sublease and the Security Agreement; provided, however, that Sublessee shall not sublease or permit the sublease or use of any unit outside the United States of America, except occasional use permitted in Canada as long as such use does not involve regular operation and maintenance outside the United States of America; and provided further, however, that any such sublease or use shall be consistent with the provisions of §16 hereof. Sublessee may assign this Sublease, as is, to a Class I Railroad having a credit rating equal to the Sublessee's at March 31, 1980. No such assignment or sublease shall relieve Sublessee of its obligations hereunder which shall be and remain those of principal and not a surety. Should the credit rating of the Sublessee decrease from that which it possessed on March 31, 1980, Sublessee must obtain the prior written consent, which consent shall be in the Sublessor's sole and absolute discretion to grant or withhold, of the Sublessor to any assignment or sublease.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of Agent under the Security Document and Sublessor under this Sublease in respect of the Units covered by such sublease upon the occurrence of an Event of Default thereunder or hereunder.

Sublessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease as aforesaid, the security title of Agent to the Units, and other than an encumbrance resulting from claims against Sublessor or Agent not related to the ownership or leasing of, or the security title of Agent to, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of Owner-Trustee, Owner, Agent, Sublessor or Sublessee therein; except that this covenant will not be breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business (which shall include but shall not be limited to liens granted to the Federal Railroad Administration in connection with car repair programs funded by it) and, in each case, not delinquent; and, furthermore, Sublessee shall be under no obligation to discharge any such lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings and the failure to discharge the same does not, in the opinions of Sublessor and Agent, adversely affect the title, property or rights of Sublessor hereunder or Agent under the Security Document.

Nothing in this §12 shall be deemed to restrict the right of Sublessee to assign or transfer its leasehold interest under this Sublease in the Units or possession of the Units to any solvent Class I railroad corporation (i) incorporated under the laws of any state of the United States of America or the District of Columbia and (ii) with capital and surplus aggregating at least that of Sublessee immediately prior to such assignment or transfer (which shall have duly assumed the obligations of Sublessee hereunder pursuant to appropriate instruments satisfactory in form and substance to Sublessor, Agent and their respective counsel) into or with which Sublessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all the lines of railroad of Sublessee; provided, however, that such assignee, lessee or transferee will not, upon the effectiveness of such merger, consolidation, lease or acquisition be in default under any provision of this Sublease and that such acquisition or lease of railroad lines of Sublessee shall not alter in any way Sublessee's obligation to Sublessor and Agent hereunder which shall be and remain those of a principal and not a surety.

In case of any sale or conveyance of all or substantially all of the lines of railroad of the Sublessee, or of the lines of the Sublessee on which a substantial portion of the Units are used, the purchaser, or transferee of the purchaser, shall not be at liberty to refuse to accept performance of this Sublease or to disaffirm it and any such purchaser and any such transferee shall assume and agree to perform each and all of the obligations of the Sublessee hereunder.

§13. RENEWAL OPTIONS AND RIGHT OF FIRST REFUSAL

Provided that this Sublease has not been earlier terminated and Sublessee is not in default hereunder, Sublessee may by written notice delivered to Sublessor not less than nine months prior to the end of the original term of this Sublease elect to extend the term of this Sublease in respect of all but not less than all of the Units then covered by this Sublease, for a five-year period commencing on the scheduled expiration of the original term of this Sublease. If Sublessee so elects, Sublessor agrees to exercise its right of renewal as set forth in the third paragraph of §13 of the Lease. Such extension shall be on the same terms and conditions as are contained in this Sublease, except as to the amount of rentals, which shall be at a "Fair Market Rental" (as such term is defined in this §13) payable quarterly in arrears. If Sublessee has not so elected, Sublessor agrees not to exercise its right of renewal as set forth in the third paragraph of §13 of the Lease prior to the earlier of eight months prior to the end of the term of this Sublease or receipt of notice from Sublessee that Sublessee does not intend to pursue Sublessee's right of first refusal as set forth in the fourth paragraph of this §13.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental value which would obtain in an arm's-length transaction between an informed and willing sublessee (other than a sublessee currently in possession), and an informed and willing sublessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental value but there shall be excluded any rental value attributable to additions, modifications and improvements which Sublessee is entitled to remove pursuant to §9 hereof; provided, however, that Fair Market Rental shall be determined on the basis of the term and other terms and conditions of the lease being considered.

If after 45 days from the giving of notice by Sublessee of Sublessee's election to extend the term of this Sublease beyond the original term, as provided in the first paragraph of this §13, Sublessor and Sublessee are unable to agree upon a determination of Fair Market Rental, such value shall be determined in accordance with the foregoing definitions by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of Fair Market Rental by this appraisal procedure the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units prior to the expiration of the original term of this Sublease. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination 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. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by Sublessee and Sublessor equally.

Provided that this Sublease has not been earlier terminated and the Sublessee is not in default hereunder, and the Sublessee has not elected to extend the term of this Sublease pursuant to the first paragraph of this §13, and the Sublessor has not elected to extend the term of the Lease pursuant to the third paragraph of Section 13 of the Lease, and Sublessor receives notice (the "Owner-Trustee's Notice of Election") that the Owner-Trustee elects to sell any Units to third parties at the expiration of the term of the Lease, the Sublessor shall immediately give Sublessee a copy of such Owner-Trustee's Notice of Election. In the event that the Sublessor thereafter receives notice (the "Owner-Trustee's Notice of Intent") from the Owner-Trustee of the Owner-Trustee's receipt of a bona fide offer in writing from another party to purchase the Units and of the Owner-Trustee's election to sell such Units pursuant to such offer, Sublessor shall immediately give Sublessee a copy of such Owner-Trustee's Notice of Intent. The Sublessee shall have the sole right and option, for a period of 20 days from the date of delivery to Sublessee of such copy of the Owner-Trustee's Notice of Intent, to cause Sublessor to purchase from the Owner-Trustee and to resell to Sublessee the Units for cash at the price, or at the price and (after giving effect to credit standing of the Sublessee at the time of exercise of such purchase right) on substantially similar terms and conditions, at which the Units are proposed to be sold. The Sublessee shall exercise such purchase right by delivery to the Sublessor of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Sublessee to the Sublessor or (ii) 45 days after the expiration of the term of the Lease (such date being hereinafter called the Expiration Date). Upon delivery of such notice, the Sublessor shall take all appropriate action to effect such purchase and resale. Upon purchase by the Sublessee, the Sublessor shall deliver a bill of sale covering such Units purchased warranting title against liens or encumbrances created by the Sublessor, Owner-Trustee, the Owner, the Agent or the Investors and which Sublessee is not required to discharge under this Sublease. In the event that the Sublessee shall have delivered a notice of its election to purchase the Units, this Sublease (including the obligation to pay rent) shall be further extended or renewed upon the same terms and conditions set forth herein from the Expiration Date or the date such notice is delivered to the Sublessor, as the case may be, until the date of such purchase.

If one or more of the following events shall occur:

(a) Sublessee exercises its renewal right pursuant to the first paragraph of this §13, but Sublessor fails to exercise its renewal right pursuant to the third paragraph of §13 of the Lease, and as a result the Sublessee is unable to obtain a Sublease of the Units for a renewal term; or

(b) Sublessor receives an Owner-Trustee's Notice of Election or an Owner-Trustee's Notice of Intent but fails to give a copy such notice to the Sublessee as required by this §13, or the Sublessee exercises its option to cause the Sublessor to purchase and resell Units under the terms of an Owner-Trustee's Notice of Intent, but the Sublessor fails to effect such purchase and resale, and as a result of any of the above the Sublessee is unable to purchase such Units;

then, in any case, Sublessor shall make available to Sublessee, for lease or purchase, as the case may be, railcars of car type, mechanical designation and condition equivalent to such Units upon terms equivalent to those that would have prevailed had the Sublessee been able to obtain such a sublease for a renewal term or been able to purchase such Units.

§14 RETURN OF UNITS UPON EXPIRATION OF SUBLEASE TERM

On or prior to the termination of the term of this Sublease or as soon as practicable on or after the termination of the term of this Sublease and in any event not later than 90 days after the termination of the term of this Sublease, the Sublessee will, at its own cost and expense, at the request of the Sublessor, cause each Unit to be transported to such point or points on the Sublessee's or any sublessee's lines as shall be designated by the Sublessor immediately prior to such termination and arrange for the Sublessor to store such Unit on any of Sublessee's or any sublessee's lines of railroad or premises approved by the Sublessor for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 120 days from the date at which at least 95% of such Units are first placed in storage pursuant to this §14; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Sublessee. During any such storage period the Sublessee will permit the Sublessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Sublessee shall not be liable for any injury to or the death of any person exercising, either on behalf of the Sublessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or wilful wrongdoing of the Sublessee or of its employees or agents and except to the extent otherwise provided by law; and provided further, the Sublessee shall not be required to comply with laws or rules with respect to alteration, replacement, addition or modification of or to any part on any Unit as provided in §9.2 during such storage period. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Sublease, and upon applica-

tion to any court of equity having jurisdiction in the premises, the Sublessor shall be entitled to a decree against the Sublessee requiring specific performance of the covenants of the Sublessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Sublessor pursuant to this §14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Sublessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to §9 hereof and have removed therefrom at Sublessee's expense any Part or Addition title to which is in the Sublessee or any other person pursuant to such §9 and (iii) meet the standards then in effect under the AAR Rules, if applicable, or such comparable standards as may then be in effect. If any Unit suffers a Casualty Occurrence during any storage period provided for in this §14, the Sublessee shall pay to the Sublessor the Casualty Value of such Unit as determined in accordance with §7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of this Sublease as to such Unit, belong to and be the property of the Sublessor. In the event that by the 120th day after the termination of the original or any extended term of this Sublease the Sublessee has not, at the request of the Sublessor, caused at least 95% of the Units to be transported to such point or points as shall have been designated by the Sublessor pursuant to this §14, the Sublessee shall pay to the Sublessor the per diem, incentive per diem and mileage charges multiplied by the number of Units equal to the difference between 95% of such Units and the number of Units previously delivered pursuant to this §14 (such number to be determined on each day) for each day from such 120th day to the date on which at least 95% of the Units have been so transported. If, after the termination of the storage period provided in this §14, any Units have not been so transported, the Sublessee shall pay to the Sublessor the per diem, incentive per diem and mileage charges for each Unit not so transported for each day after the end of such storage period until such Unit or Units have been so transported.

Upon the expiration of the original term of this Sublease on April 15, 2002 if the Sublessee shall not have elected to exercise the renewal option provided by the first paragraph of §13 hereof, the Sublessee will deliver to the Sublessor a certificate of an officer of the Sublessee to the effect that (a) no Event of Default or event which with lapse of time or notice or both would constitute an Event of Default had occurred or was continuing as of April 15, 2002; (b) no liens, charges, security interests or other encumbrances (except an encumbrance resulting from claims against the Owner-Trustee or the Owner) were, as of April 15, 2002 imposed on or with respect to any Unit, any accession thereto, or the interest of the Owner-Trustee or the Owner therein; (c) the Units have been returned to the Sublessor pursuant to this §14 in the same operating order, repair and condition required by the first paragraph of this §14 and (d) the Sublessee no longer has any interest in the Units under the Sublease or otherwise. If a certificate of an officer of the Sublessee is

required to be furnished pursuant to the preceding sentence, the certificate described in clause (a) in the preceding sentence shall be furnished on April 15, 2002, and the certificates described in clauses (b), (c) and (d) in the preceding sentence shall be furnished on a monthly basis, beginning on May 15, 2002, and such certificate shall cover each Unit returned during the preceding 30 calendar days and shall apply to each such Unit as of the date such Unit was returned pursuant to the provisions of the first paragraph of this §14. Upon the expiration of any extended term of this Sublease, if the Sublessee shall not have elected to exercise an option to purchase the Units, the Sublessee shall deliver to the Sublessor a certificate of an officer of the Sublessee to the foregoing effect, with such conforming changes as shall be appropriate under the circumstances.

§15. RECORDING

Sublessee, at its own expense, will cause this Sublease, the Sublease Assignment, the Sublease Reassignment and any other assignment hereof or thereof to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303. Sublessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by Sublessor or Agent for the purpose of proper protection, to their satisfaction, of Agent's and Sublessor's respective interests in the Units, or for the purpose of carrying out the intention of this Sublease, the Sublease Reassignment and the Sublease Assignment, and Sublessee will promptly furnish to Agent and Sublessor evidence of all such filing, registering, depositing, recording and other acts which may be required under this §15, and an opinion or opinions of counsel for Sublessee with respect thereto satisfactory to Agent and Sublessor.

§16. INCOME TAX INDEMNIFICATION

16.1. Tax Assumptions. It is the intent of the parties to this Sublease that it will be recognized as a Sublease for all Federal, state, city and local income taxes or franchise taxes imposed on or measured by net income, and that this Sublease does not convey to Sublessee any right, title or interest in the Units except as Sublessee.

The Lease and the Rock Island Sublease were entered into on the basis that the Owner, as the beneficial owner of each Unit, would be entitled to such deductions, credits and other benefits provided by the Code to an owner of property, including, without limitation, (a) deductions for depreciation of each Unit under section 167 of the Code computed on the basis (i) that each Unit would have a basis under section 167(g) of the Code at least

equivalent to the Purchase Price of such Unit, (ii) initially of the declining balance method, using a rate equal to 200% of the straight line rate, switching to the sum of the years-digits method authorized by section 167(b)(3) of the Code in the year in which such switch will result in a greater depreciation deduction than would be available under the declining balance method, without obtaining the consent of the Commissioner of Internal Revenue in accordance with Treasury Regulation §167(a)-11(c)(1)(iii), (iii) of the asset depreciation range and class life system permitted by section 167(m) of the Code and Treasury Regulation §1.167(a)-11(a)(1), (iv) of an asset depreciation period of 12 years, (v) of a net salvage value of zero after the reduction permitted by section 167(f)(1) of the Code and (vi) that the Units of Equipment would be treated as having been placed in service on the respective dates on which they were accepted and delivered under the Lease and the Security Document (hereinafter called the ADR Deductions), (b) deductions with respect to interest payable on the Conditional Sale Indebtedness (hereinafter called the Interest Deductions), and (c) investment credit pursuant to section 38 of the Code at least equal to 10% of the aggregate Purchase Price of such Unit (hereinafter called the Investment Credit). The lease and the Rock Island Sublease were also entered into on the assumption (the "Tax Assumptions") that (1) for Federal income tax purposes all amounts includible in the gross income of the Owner with respect to the Equipment and all deductions allowable to the Owner with respect to the Equipment would be treated as derived from, or allocable to, sources within the United States, (2) for purposes of computing the ADR Deductions with respect to the Equipment for the calendar year in which the Units of Equipment were first placed into service, the Owner would be entitled to elect and would elect the half-year convention and (3) the Federal rate of tax imposed on taxable income of corporations in excess of $100,000 would be 46% through the date of acceptance of the last Unit of Equipment to be accepted pursuant to the Security Document and this Sublease.

16.2. Basic Indemnity. (a) Sublessee covenants, agrees and indemnifies that: (i) Sublessee will not at any time during the term of this Sublease use or fail to use or permit the use of any Unit in such a way as to disqualify it as "section 38 property" within the meaning of Section 48(a) of the Code or as property eligible for the ADR Deduction; and (ii) Sublessee will maintain sufficient records to verify such use, which records will be furnished to Owner-Trustee within 30 days after receipt of a written demand therefor.

(b) Sublessee agrees that neither it nor any corporation controlled by it, in control of it or under common control with it, directly or indirectly, will at any time take any action (other than any action required by the terms of this Sublease) or

file any tax returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by Owner over the amount specified to be payable under this Sublease on the dates due hereunder except as specifically provided in this Sublease, and that each of such corporations will file such returns, take such action, and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. Sublessee agrees to keep and make available for inspection and copying upon demand by Sublessor, Owner-Trustee or Owner such records as will enable the Owner to determine the extent to which it is entitled to the full benefit of the ADR Deduction, the Interest Deduction and the Investment Credit with respect to the Units. For purposes of this §16.2(b) it is assumed that Owner shall claim in its tax returns all the deductions, credits and benefits contemplated by the Tax Assumptions.

16.3. Effect of Indemnities. (a) Sublessee's indemnification of Owner under §16.2 hereof will place Owner in the same position with respect to the transaction as if the condition indemnified against had not existed. If (except as a result of the occurrence of any Excluded Event set forth below) the Owner shall suffer a disallowance of or shall be required to recapture or shall not have or shall lose the right to claim (including a good faith determination based upon the opinion, to be obtained at the cost of the Sublessee, of independent tax counsel selected by the Owner and approved by the Lessee ("Special Tax Counsel"), which approval shall not unreasonably be withheld, that there is no reasonable basis to make such claim) (any such event being hereinafter called a "Loss"), of all or any portion of the Investment Credit, the ADR Deduction or the Interest Deduction (a "Benefit") with respect to all or part of any Unit due to:

(i) the inaccuracy of any statement in any letter or document furnished to Owner-Trustee or Owner by Sublessee (or any officer, agent or employee thereof);

(ii) the noncompliance, breach, or misrepresentation by Sublessee with or of any provision of §16.2 hereof;

(iii) the use of any Unit by Sublessee in such a way as to disqualify it as section 38 property within the meaning of Section 48(a) of the Code or as property eligible for the ADR Deduction; or

(iv) any actions or omissions by Sublessee, except any actions or omissions permitted by the terms of this Sublease;

then in any such case of Loss of Benefit, subject to the provisions of §16.3(d) hereof dealing with contesting a disallowance or recapture of a Tax Benefit and subject to the exceptions set

forth in §16.3(b), the Sublessee, at Sublessor's option, after receiving written notice from the Owner of such Loss together with a certificate of an officer of the Owner setting forth in reasonable detail the computations and methods used in calculating such Loss and the amount or amounts of the payments required to be made pursuant to clause (i) or (ii) below (such notice and certificate being hereinafter collectively called the "Net Economic Return Notice"), shall either (i) increase the rental rate applicable to such Unit set forth in §3 of this Sublease, on and after the next succeeding rental date after payment of the tax attributable to any Loss of Benefit under the provisions of this paragraph, by such amount of such Unit as, in the reasonable opinion of Owner, after due consultation with Sublessee, which will preserve for Owner the after-tax rate of return and after-tax cash flow (the "Net Return") that would have been realized by such Owner if such Loss had not occurred in respect of such Unit under this Sublease, such increase in the rental payments to be made directly to the Owner, or (ii) within 30 days of receipt of the Net Economic Return Notice, pay to the Owner in lump sum the amount as shall, in the reasonable opinion of the Owner, be required to provide the Owner with the Net Econmic Return that would have been realized by the Owner if such Loss had not occurred. If the option under (ii) above is selected, then to the extent any Loss results in a later benefit to the Owner which has not been taken into account in determining the lump-sum payment, payment will be made to the Sublessee at the time such benefit is realized; provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments by the Sublessee to the Owner pursuant to the option specified in (ii) above in respect of a Loss less (Y) the amount of all prior payments by the Owner to the Sublessee hereunder, and the amount by which such payment would exceed such amounts shall reduce pro tanto any subsequent obligation of the Sublessee to make any payments to the Owner pursuant to the option specified in (ii) above. The adjustments required to be made pursuant to this paragraph shall be made by the Owner and shall be computed using the same method and the same assumptions as were utilized by the Owner in originally evaluating the transaction except for the assumption that has resulted in such adjustments.

In the event that the Owner suffers a Loss and the Owner and the Sublessee are unable to agree, within 60 days following the Sublessee's receipt of Net Economic Return Notice, on the indemnity amount or amounts required to restore the Owner's Net Return, then the Sublessee shall pay in a lump sum within 30 days after expiration of said 60-day period, such amount as shall, in the reasonable opinion of the Owner (regardless of whether the Sublessee agrees therewith) be required to provide the Owner with the Net Return that would have been realized by the Owner if such Loss had not occurred.

Any late payment by any party hereto of any of its obligations under this § 16.3 shall result in the obligation on the part of such party promptly to pay an amount equal to interest at the rate per annum equal to 1% in excess of the Prime Rate compounded quarterly on the overdue payment. Prime Rate as used herein shall mean the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for 90 day unsecured loans to large corporate borrowers of the highest credit standing from time to time in effect for the period such interest is payable.

(b) Notwithstanding anything to the contrary set forth hereinabove, no amount shall be payable as an indemnity hereunder in respect of any Loss to the extent such Loss is the result of any of the following:

(i) a voluntary transfer or voluntary dispostion (whether prior to, during or after the term of the Lease or this Sublease, but not including a transfer or disposition as a result of a Casualty Occurrence unless the Casualty Value shall have been paid with respect thereto) of any Unit or of the interest of the Owner in any Unit or the rentals under the Lease or this Sublease, or any transfer or disposition of any Unit or of the interest of the Owner in any Units or the rentals under the Lease or this Sublease, whether voluntary or involuntary, which results from bankruptcy or other proceedings for the relief of debtors in which the Owner is the debtor, unless, in each case, such transfer or disposition is made (A) as a direct result of an Event of Default, as defined in §10 of this Sublease which has occurred and is continuing; (B) in connection with any alteration, modification or addition to any Unit; or (C) with the consent of the Sublessee;

(ii) the failure of the Owner to claim in a timely manner the Investment Credit, the ADR Deductions (including making all appropriate elections under the applicable Income Tax Regulations), the Interest Deductions or any foreign tax credit or to make a timely election, if permitted by the Code, to treat income and decuctions with respect to the Units as derived from, or allocable to, sources within the United States, unless Special Tax counsel selected by the Owner and approved by the Sublessee, such approval not to be unreasonably withheld, shall have given its opinion to the Owner that there is no reasonable basis to claim such benefit;

(iii) the failure of the Owner to have sufficient liability for Federal income tax against which to credit Investment Credit or foreign tax credit or sufficient income to benefit from the ADR Deductions or the Interest Deductions, as applicable;

(iv) any residual sharing, guarantee agreement or other voluntary act of the Owner (either individually or in concert with others) which is not included in the foregoing clauses and which is not required or contemplated by the Security Document, the Participation Agreement, the Trust Agreement, the Lease, this Sublease, the Sublease Assignment, the Sublease Assignment Consent, the Consent, the Assignment,the Bond, the Assumption Agreement if entered into, or any other document contemplated by any of the foregoing or entered into in connection therewith;

(v) a change in the form or type of organization or the taxable status of the Owner or any successor or transferee of the Owner;

(vi) a Casualty Occurrence with respect to a Unit, if the Owner-Trustee shall have received all amounts required to be paid in respect of such Casualty Occurrence under the Lease; or

(vii) any amendment to, or change in, the Code or the Income Tax Regulations which is effective after September 1, 1979.

(c) If at the conclusion of an audit the Owner receives a preliminary or "30-day-letter" from the Internal Revenue Service proposing an adjustment in any item claimed in accordance with the fourth and fifth paragraphs of this §16 on a tax return or refund claim of the Owner for which the Sublessee would be required to indemnify the Owner and/or Sublessor pursuant to this §16 and the amount of the indemnity which the Sublessee would be required to pay (after taking into account the effect that the adjustment would have in periods not included in the audit) would exceed $100,000 or in the good faith opinion of the Sublessee, the adjustment would have a continuing or precedential adverse effect on the Sublessee or the railroad industry and the Sublessee so advises the Sublessor and the Owner in writing, the Sublessee shall not be required to indemnify the Owner or Sublessor unless and until the Owner takes the action set forth below, provided that at any time, whether before or after commencing to take such action, the Owner may decline to take such action by notifying the Sublessor and the Sublessee in writing that the Sublessor and the Sublessee are relieved of their obligations to indemnify the Owner with respect to such adjustment or any such portion specified in such notice. Upon receipt of such preliminary or 30-day letter the Sublessor shall promptly notify the Sublessee of the proposed adjustment and, upon receipt within 20 days after Sublessee's receipt of such notice of a written request to do so from the Sublessee, the Sublessor shall cause the Owner to promptly request from independent tax counsel selected by the Owner and approved by the Sublessor and the Sublessee, which approval shall not be unreasonably withheld (hereinafter called the Owner's Tax

their opinion whether, in the event such proposed adjustment is contested, the basis in law and in fact in favor of allowance of the item proposed to be adjusted outweighs the basis in law and in fact to the contrary. If the opinion is to that effect, and if the Sublessee promptly requests the Sublessor to do so, the Sublessor shall cause the Owner to contest such proposed adjustment beyond the level of the Internal Revenue Service auditing agent by such administrative proceedings, if any, as may be determined by the Owner in its discretion. Upon the conclusion of such administrative proceedings, if any, the Sublessor shall promptly notify the Sublessee of the final adjustment proposed by the Internal Revenue Service and, upon receipt within 30 days thereafter of a written request to do so from the Sublessee, the Sublessor shall cause the Owner to promptly request the Owner's Tax Counsel for their opinion whether in the event such final adjustment is contested, the basis in law and in fact in favor of allowance of the item proposed to be adjusted outweighs the basis in law and in fact to the contrary. If the opinion is to that effect, and if the Sublessee promptly requests the Sublessor to do so, the Sublessor shall cause the Owner to contest such final adjustment in a court of competent jurisdiction. If the Sublessee requests the Sublessor to cause the Owner to appeal the decision of such a court or of an intermediate appellate court, the Sublessor shall cause the Owner to promptly request the Owner's Tax Counsel for their opinion whether, the basis in law and in fact in favor of a favorable outcome in the event such determination is appealed outweighs the basis in law and in fact to the contrary. If the opinion is to that effect, and if the Sublessee promptly requests the Sublessor to do so, the Sublessor shall cause the Owner to appeal such decision. The Owner, in its discretion, shall determine the initial and any appellate court and, if the adjustment relates to an item claimed on a tax return, shall determine whether the proceedings shall be for redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or for refund of taxes paid based on such deficiency. The Owner shall not be required to take any action as set forth in this paragraph unless and until the Sublessor and the Sublessee shall have agreed to indemnify the Owner in a manner satisfactory to the Owner for any liability or loss which the Owner may incur as a result of taking such action and shall have agreed to pay the Owner on demand all out-of-pocket costs and expenses, including without limitation reasonable attorneys' fees and expenses, incurred by the Owner in connection with taking such action. The Sublessee shall not be required to take any action as set forth in this paragraph unless and until the Sublessee shall have agreed to indemnify the Sublessor in a manner satisfactory to the Sublessor for any liability, loss or expense which the sublessor may incur as a result of taking such action and shall to pay the Sublessor on demand all out-of-pocket costs and expenses, including without limitation reasonable attorneys' fees and expenses, incurred by the Sublessor in connection with taking such action. In the event that the Owner pays the tax resulting from a proposed adjustment and proceeds to seek a refund thereof, the Sublessee

agrees to pay the Owner an amount equal to interest at the rate per annum currently charged by the Internal Revenue Service on deficiencies on the amount of tax in question from the date of payment of such tax to the date of final determination of such adjustment, such amount to be payable in equal installments within each calendar year on the dates on which rental for such period is payable under this Sublease. Upon receipt by the Sublessor from the Owner of a refund of any tax paid by it in respect of which the Sublessee paid an amount equal to interest at the rate provided in the preceding sentence while such tax payment was contested by the Owner, an amount equal to the aggregate amount of such interest shall be paid by the Sublessor to the Sublessee forthwith. Upon completion of the action set forth in this paragraph, the Sublessee's liability with respect to its required indemnity under this §16 shall become fixed and determinable.

For purposes of this §16, the term "Owner" shall include any affiliated group, within the meaning of section 1504 of the Code, of which the Owner is a member if consolidated returns are filed for such affiliated group for Federal income tax purposes.

(d) If at any time prior to the disposition of a Unit in a taxable transaction, the Owner is required to include in its gross income an amount in respect of any improvement and/or addition to such Unit made by the Sublessee which is not readily removable from such such Unit without causing material damage to such Unit (such improvements or additions being hereinafter called Improvements), then the Sublessee shall pay to the Owner, as an indemnity, such amount or amounts which, after deduction of all Taxes required to be paid by the Owner in respect of the receipt of such amounts, shall be equal to the sum of the additional Federal, state or local income taxes payable by the Owner from time to time as a result of such Improvement plus the amount of any interest, penalties or additions to tax payable as a result of any such Improvement (less any Federal, state or local tax benefits resulting from payment of any amounts reimbursed hereunder). If as a result of any such Improvement the aggregate Federal, state and local income taxes paid by the Owner for any taxable year shall be less than the amount of such taxes which would have been payable by the Owner had no such Improvement been made, then the Sublessor shall pay the Sublessee (when received by the Sublessor from the Owner) the amount of such savings in taxes plus any additional tax benefits realized by the Owner as a result of such payment; provided, however, that the Sublessor shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (X) the amount of all prior payments by Sublessee to the Owner pursuant to this paragraph in respect of any Improvement less (y) the amount of all prior payments by the Sublessor to the Sublessee hereunder, and the amount by which such payment would exceed such amount shall reduce pro tanto any subsequent obligation of the Sublessee to make any payments to the Owner pursuant to the first sentence of this paragraph. For purposes of comput-

ing any amounts payable to the Owner and any amounts payable to the Sublessee pursuant to this paragraph, the statutory rate of Federal, state or local income tax, as the case may be, shall be used. The amount payable to the Owner pursuant to this paragraph shall be paid within 30 days after receipt of the written demand therefor from the Sublessor (but not prior to payment by the Owner of the additional taxes which become due as a result of the said inclusion) accompanied by a written statement describing in reasonable detail such inclusion and the computation of the amount so payable. Any payment due to the Sublessee from the Sublessor pursuant to this paragraph shall be paid immediately after the Sublessor receives from the Owner the amount that the Owner realized from any such savings in its income taxes or additional tax benefits, as the case may be. The Sublessor agrees to cause the Owner to contest the inclusion in its gross income of any amount with respect to an Improvement to the extent, and under the circumstances, set forth in §16.3(c) as if such inclusion were a Loss.

(e) The Sublessee agrees that, within 90 days after the close of any calendar year (or in the event that the Sublessor gives the Sublessee written notice that the Owner's taxable year closes on a date specified therein other than December 31, within 90 days after said date) in which the Sublessee has made Improvements, the Sublessee will give written notice thereof to the Owner, describing such Improvements in reasonable detail and specifying the cost thereof with respect to each Unit of Equipment.

(f) In the event that any indemnity payments are required to be made by the Sublessee, or in the event the amount of rentals under this Sublease are adjusted, pursuant to any paragraph of this §16, the damages and amounts set forth in §10 of this Sublease and the applicable Casualty Values set forth in §7 of this Sublease shall be appropriately adjusted by the Sublessor (but in no event shall the applicable Casualty Values be reduced below the corresponding Fair Values as defined in the Security Document). The adjustments required to be made pursuant to this paragraph shall be made by the Sublessor and shall be computed using the same method and the same assumptions, including, without limitation, tax rates, as were utilized by the Owner in originally evaluating this transaction except for the assumption that has resulted in such adjustment. In connection therewith, the Sublessor shall cause the Owner to provide the Sublessee with a certificate of an officer of the Owner setting forth in reasonable detail the figures and methods used in making such calculations. In the case of any such adjustments in the damages and amounts set forth in §10 of this Sublease and the applicable Casualty Value set forth in Schedule B to this Sublease, if any payment of such damages, amounts or Casualty Values shall have been made prior to the adjustments made pursuant to this paragraph, (a) the Sublessee shall pay to the Owner the excess amount which would have been payable on the due date of such payment by reason of

the adjustments pursuant to this paragraph or (b) the Sublessor shall pay to the Sublessee when received from the Owner the amount of such payments in excess of the amount of such payments which would have been payable by reason of the adjustments pursuant to this paragraph. The Sublessee's and the Sublessor's agreements to pay any sums which may become payable pursuant to this §16 shall survive the expiration or other termination of this Sublease and the Lease.

(g) The Sublessee shall have the right, upon demand, to have Thayer, Ringoen & Macdonald, 50 California Street, San Francisco, California 94111, or another independent party selected by the Sublessee and approved by the Owner, which approval shall not be unreasonably withheld, review any calculations made by the Owner pursuant to this §16 to determine the consistency of the methods and the assumptions used in such calculations with those used by the Owner in originally evaluating this transaction and the accuracy of such computations based on such methods and assumptions.

(h) The liability of the Sublessee to make indemnification payments pursuant to this §16 shall, notwithstanding any expiration or termination of this Sublease, continue to exist until such indemnity payments are made by the Sublessee. All indemnity payments under this §16 shall be made directly to the Owner.

§17. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of Sublessee promptly to pay, to the extent legally enforceable, interest at a rate per annum (the "Penalty Rate") of 10.75% on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§18. NOTICES

Any notice required or permitted to be given by either party hereto shall be deemed to have been given when delivered, telexed or mailed by certified mail, first class, postage prepaid, addressed as follows:

(a) if to Sublessor, at 50 California Street, San Francisco, California 94111;

(b) if to Sublessee, at 400 West Madison Street, Chicago, Illinois 60606, Attention of Assistant Vice President-Finance; and

(c) if to Owner-Trustee or Agent, at 79 South Main Street (Suite 310), Salt Lake City, Utah 84111, Attention of Corporate Trust Department;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to Agent.

§19. MISCELLANEOUS

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

19.2. Effect and Modification of Sublease. This Sublease exclusively and completely states the rights of Sublessor and Sublessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Sublease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for Sublessor and Sublessee.

19.3 Third Party Beneficiaries. Nothing in this Sublease shall be deemed to create any right in any person not a party hereto (other than Owner-Trustee, Owner, Agent, Investor, Builder and the permitted successors and assigns of a party), and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid, or as otherwise expressly provided herein.

19.4. Sublessor's Right to Perform for Sublessee. If Sublessee fails to perform or comply with any of its agreements contained herein, Sublessor may, upon notice to Sublessee, itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of Sublessor incurred in connection with such performance or compliance, together with interest on such amount at the Penalty Rate (as defined in §17 hereof) (or such lesser amount as may be legally enforceable) shall be payable by Sublessee upon demand. No such performance or compliance by Sublessor shall be deemed a waiver of the rights and remedies of Sublessor against Sublessee hereunder or be deemed to cure a default by Sublessee hereunder.

§20. EXECUTION

This Sublease may be executed in several counterparts, such counterparts together constituting but one and the same

instrument, but the counterpart delivered to Agent pursuant to the assignment hereof to Agent shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Sublease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§21. LAW GOVERNING

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

§22. AGREEMENT FOR BENEFIT OF SUBLESSOR

All rights of Sublessor hereunder (including, but not limited to, its rights under §§6, 7, 9, 10 and 16 and the right to receive the rentals payable under this Sublease) shall inure to the benefit of Sublessor and Sublessor's successors and assigns under the Sublease Assignment and Sublessor's assigns (including Agent).

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

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, as Sublessee

By _____
Senior Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

GAMS TRANSPORTATION, INC. as Sublessor

By _____

[redacted]

Attest:

_____

STATE OF Illinois, [redacted])
Cook) ss.:
[redacted] COUNTY OF [redacted])

On this 1st day of October 1980, before me personally appeared Donovan S. Thayer to me personally known, who, being by me duly sworn, says that he is President of GAMS TRANSPORTATION, INC [redacted], that said instrument was signed [redacted] on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission Expires May 21, 1982

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

On this 1st day of October 1980, before me personally appeared Louis T. Doerinck, to me personally known, who, being by me duly sworn, says that he is Sr. Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My commission expires May 21, 1982

Schedule A

Type	Builder's Specification	Builder's Plant	Quantity	Original Rock Island Road Numbers (Inclusive)	New Road Numbers (Inclusive)	Estimated Time of Delivery
50foot, 6inch, 70-ton, Class XF boxcar	No. 1042, dated March 29, 1979, as amended	Bessemer, Alabama	242	Rock 301800 through 302041	CNW718000 to CNW718241	February through December 1980

PURCHASE PRICE PER UNIT: $40,900

PRIMARY INTERCHANGE POINTS:

MASON CITY	IOWA
CLARION	IOWA
DES MOINES	ILLINOIS
CHICAGO	ILLINOIS
PROVISO	ILLINOIS
PEORIA	ILLINOIS
KANSAS CITY	MISSOURI
ST. JOSEPH	MISSOURI
ST. LOUIS	MISSOURI
OMAHA	NEBRASKA
COUNCIL BLUFFS	IOWA
MINNEAPOLIS	MINNESOTA
ST. PAUL	MINNESOTA
CEDAR LAKE	MINNESOTA

SCHEDULE B
to
SUBLEASE

Casualty Values*

Item I:

Rental Payment Date**		Percentage of Purchase Price	Rental Payment Date**		Percentage of Purchase Price
4/1980	1	85.232635	1/1990	40	71.555929
7/1980	2	85.718474	4/1990	41	70.498455
10/1980	3	86.211775	7/1990	42	69.419125
1/1981	4	86.712631	10/1990	43	68.311279
4/1981	5	87.059823	1/1991	44	67.170483
7/1981	6	87.330140	4/1991	45	66.019988
10/1981	7	87.603462	7/1991	46	64.852245
1/1982	8	87.879791	10/1991	47	63.650983
4/1982	9	88.018833	1/1992	48	62.412130
7/1982	10	88.087285	4/1992	49	61.178242
10/1982	11	88.154533	7/1992	50	59.932181
1/1983	12	88.220492	10/1992	51	58.648030
4/1983	13	88.162819	1/1993	52	57.329046
7/1983	14	88.039544	4/1993	53	56.039466
10/1983	15	87.911031	7/1993	54	54.748937
1/1984	16	87.777111	10/1993	55	53.425511
4/1984	17	87.533644	1/1994	56	52.068387
7/1984	18	87.229875	4/1994	57	50.744363
10/1984	19	86.917031	7/1994	58	49.420456
1/1985	20	86.594859	10/1994	59	48.062364
4/1985	21	86.177700	1/1995	60	46.669248
7/1985	22	85.705887	4/1995	61	45.314412
10/1985	23	85.221377	7/1995	62	43.961715
1/1986	24	84.723839	10/1995	63	42.573573
4/1986	25	84.146396	1/1996	64	41.149107
7/1986	26	83.520331	4/1996	65	39.768001
10/1986	27	82.878188	7/1996	66	38.393036
1/1987	28	82.219560	10/1996	67	36.980609
4/1987	29	81.496689	1/1997	68	35.536898
7/1987	30	80.731651	4/1997	69	34.131401
10/1987	31	79.947421	7/1997	70	33.226207
1/1988	32	79.143519	10/1997	71	32.276568
4/1988	33	78.291672	1/1998	72	31.280238
7/1988	34	77.404586	4/1998	73	30.315490
10/1988	35	76.495487	7/1998	74	29.344221
1/1989	36	75.563830	10/1998	75	28.325195
4/1989	37	74.601230	1/1999	76	27.772138
7/1989	38	73.610838	4/1999	77	27.256541
10/1989	39	72.595939	7/1999	78	26.746598

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

** The rental payment date is the 15th day of the month set forth.

Casualty Values*

Item I: (Con't)	Rental Payment Date**		Percentage of Purchase Price
	10/1999	79	26.208193
	1/2000	80	25.640764
	4/2000	81	25.092709
	7/2000	82	24.540165
	10/2000	83	23.958320
	1/2001	84	23.346596
	4/2001	85	22.753374
	7/2001	86	22.154772
	10/2001	87	21.525963
	1/2002	88	20.866351
	4/2002 and thereafter	89	20.100948

Item II:	Anniversary of Delivery and Acceptance under Rock Island Sublease	Percentage of Purchase Price
	Third	19.64444
	Fifth	13.09630
	Seventh	6.54815

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* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

** The rental payment date is the 15th day of the month set forth.

EXHIBIT A

CERTIFICATE OF ACCEPTANCE

The undersigned (the "Sublessee") hereby certifies that the units of railroad equipment (individually a "Unit" and collectively the "Units") identified on Exhibit A, attached hereto as a part hereof, have been delivered to, and inspected and accepted by, the Sublessee as Units under that certain Sublease of Railroad Equipment (the "Sublease") dated as of March 21, 1980, between the Sublessee and GAMS Transportation, Inc., covering up to 242 boxcars. The Sublessee certifies that each such Unit is in the condition of a new unit, less normal wear and tear for the age of such Unit (as specified in the Sublease). Each Unit became, on the Delivery Date (as defined in the Sublease) with respect thereto, as specified on Exhibit A, subject to all the terms and conditions of the Sublease. The Sublessee further certifies that each Unit has been marked in accordance with Section 5 of the Sublease and bears the identifying number of the Sublessee specified on Exhibit A.

Chicago and North Western Transportation Company

By: _____

Attest: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(CORPORATE SEAL)

ACKNOWLEDGMENT

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

On this _____ day of _____, 198_, before me personally appeared _____ to me personally known, who, being by me duly sworn, says that he/she is _____ _____ of CHICAGO AND NORTH WESTERN TRANSPORTATION 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 he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

EXHIBIT A

Previous Identifying Road No.	Sublessee's Identifying Road No.	Delivery Date

CERTIFICATE OF ACCEPTANCE

The undersigned (the "Sublessee") hereby certifies that the units of railroad equipment (individually a "Unit" and collectively the "Units") identified on Exhibit A, attached hereto as a part hereof, have been delivered to, and inspected and accepted by, the Sublessee as Units under that certain Sublease of Railroad Equipment (the "Sublease") dated as of March 21, 1980, between the Sublessee and GAMS Transportation, Inc., covering up to 242 boxcars. The Sublessee certifies that each such Unit is in the condition of a new unit, less normal wear and tear for the age of such Unit (as specified in the Sublease). Each Unit became, on the Delivery Date (as defined in the Sublease) with respect thereto, as specified on Exhibit A, subject to all the terms and conditions of the Sublease. The Sublessee further certifies that each Unit has been marked in accordance with Section 5 of the Sublease and bears the identifying number of the Sublessee specified on Exhibit A.

Chicago and North Western Transportation Company

By: F. E. Cunningham

Attest: J. S. Edwards

Printed Name: F. E. Cunningham

Printed Name: J. S. Edwards

Title: Assistant Vice President-Car Dept

Title: ASSISTANT SECRETARY

Date: 11/14/80

Date: NOV 14 1980

(CORPORATE SEAL)

ACKNOWLEDGMENT

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

On this 14th day of November, 1980, before me personally appeared F. E. Cunningham to me personally known, who, being by me duly sworn, says that he/she is AVP-Car Dept. of CHICAGO AND NORTH WESTERN TRANSPORTATION 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 he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Janet S. Pillow
Notary Public

EXHIBIT A

Previous Identifying Road No.	Sublessee's Identifying Road No.	Delivery Date
RI 301800	CNW 718088	4/6/80