

SULLIVAN & WORCESTER
1025 CONNECTICUT AVENUE, N. W.
WASHINGTON, D. C. 20036

IN BOSTON, MASSACHUSETTS
ONE POST OFFICE SQUARE
BOSTON, MASSACHUSETTS 02109
(617) 338-2800
TELECOPIER NO. 617-338-2880
TWX: 710-321-1976

(202) 775-8190
TELECOPIER NO. 202-293-2275

IN NEW YORK CITY
767 THIRD AVENUE
NEW YORK, NEW YORK 10017
(212) 486-8200
TELECOPIER NO. 212-758-2151

REGISTRATION NO. 6001

NOV 1 1988 9 23 AM

October 31, 1988 INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, DC 20423

No. 8-306A010

Date NOV 1 1988

Fee \$ 13.00

Attention: Mildred Lee

ICC Washington, D.C.

Dear Ms. Lee:

Enclosed for filing ^{for} recordation with the Commission is a certified true copy and ~~one~~ counterpart of the document described below to be recorded pursuant to Section 11303 of the Interstate Commerce Act, 49 U.S.C. §11303.

This document is a LEASE, dated October 31, 1988, between Louis Dreyfus Corporation, on the one hand, and CIBC Leasing Inc. on the other. This is a primary document.

The names and addresses of the parties to this document are as follows:

Lessor

Lessee

CIBC Leasing Inc.
425 Lexington Avenue
New York, NY 10017

Louis Dreyfus Corporation
24 Richmond Hill Avenue
Stamford, Connecticut 06904-2117

The equipment covered by this document is One hundred-ninety (199) covered hopper cars bearing markings LDCX 20617-LDCX 20997.

This document should be indexed as:

Lease dated October 31, 1988 between CIBC Leasing Inc. Company (Lessor) and Louis Dreyfus Corporation (Lessee).

This document should be cross-indexed to No's 15468-C, 15468-D, and 15472-B.

Print 2 Carlson
Charles Carlson

NOV 1 9 55 AM '88
TELETYPE UNIT

Interstate Commerce Commission
Attn: Mildred Lee
Page 2
October 31, 1988

Also enclosed please find a check in the amount of \$13 which is for the requisite filing fee as required by 49 CFR §1177.3.

Very truly yours,


Robert L. Calhoun
Attorney for Louis Dreyfus
Corporation

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

11/1/88

Robert L. Calhoun
Sullivan & Worcester
1025 Conn. Avenue N.W.
Washington, D.C. 20036

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 11/1/88 at 9:05am, and assigned recordation number(s). 16001 & 16002

Sincerely yours,

Neville R. McEwen

Secretary

Enclosure(s)

1-6001

NOV 1 1988 9 01 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of October 31, 1988

Between

CIBC LEASING INC.,

LESSOR

and

LOUIS DREYFUS CORPORATION,

LESSEE

Covered Hopper Cars
(TBT)

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
	Parties.....	1
1.	Lease and Delivery of Equipment.....	1
1.1	Intent to Lease and Hire.....	1
1.2	Delivery and Acceptance of Items.....	1
1.3	Lessee's Satisfaction with Equipment; Conformance with Specifications and Requirements.....	1
2.	Rentals and Payment Dates.....	2
2.1	Rentals for Equipment.....	2
2.2	Rental Payment Dates.....	2
2.3	Place of Rent Payment.....	2
2.4	Net Lease.....	2
2.5	Adjustments to Rental.....	3
3.	Term of the Lease.....	6
4.	Ownership and Marking of Equipment.....	6
4.1	Retention of Title.....	6
4.2	Duty to Number and Mark Equipment.....	6
4.3	Prohibition Against Certain Designations.....	7
5.	Disclaimer of Warranties.....	7
6.	Lessee's Indemnity.....	8
6.1	Scope of Indemnity.....	8
6.2	Continuation of Indemnities and Assumptions.....	9
7.	Rules, Laws and Regulations.....	10
8.	Use and Maintenance of Equipment.....	10
9.	Liens on the Equipment.....	11
10.	Filing, Payment of Fees and Taxes.....	11
10.1	Filing.....	11
10.2	Taxes.....	12
11.	Insurance; Payment for Casualty Occurrence.....	16

Insurance.....	16
11.2 Casualty Occurrence and Duty of Lessee to Notify Lessor.....	18
11.3 Casualty Value.....	19
11.4 Early Termination.....	19
11.5 Rent Termination.....	20
11.6 Disposition of Equipment.....	20
11.7 Payment for Casualty Occurrence.....	21
11.8 Risk of Loss.....	21
11.9 Eminent Domain.....	21
12. Annual Reports.....	22
12.1 Duty of Lessee to Furnish.....	22
12.2 Lessor's Inspection Rights.....	22
12.3 Financial Reports.....	22
13. Return of Equipment Upon Expiration of Term.....	23
14. Default.....	24
14.1 Events of Default.....	24
14.2 Remedies.....	26
14.3 Cumulative Remedies.....	27
14.4 Lessor's Failure to Exercise Rights.....	28
14.5 Notice of Event of Default.....	28
14.6 Mitigation.....	28
15. Return of Equipment Upon Default.....	28
15.1 Lessee's Duty to Return.....	28
15.2 Specific Performance.....	29
15.3 Lessor Appointed Lessee's Agent.....	30
15.4 Effect of Subordination.....	30
16. Assignments by Lessor.....	30
17. Assignments by Lessee; Use and Possession.....	31
17.1 Lessee's Rights to the Equipment.....	31
17.2 Use and Possession; Permitted Assignments and Subleases.....	31
17.3 Canadian Use.....	32
17.4 Mexican Use.....	33
17.5 Merger, Consolidation or Acquisition of the Lessee.....	33

18.	Renewal and Purchase.....	33
18.1	Initial Election.....	33
18.2	Renewal.....	33
18.3	Purchase Options.....	34
18.4	Special Purchase Option.....	36
18.5	General.....	36
18.6	Delivery of Equipment.....	36
19.	Representations of the Lessee.....	36
20.	Definitions.....	36
21.	Interest on Overdue Rentals and Amounts Paid by Lessor.....	41
22.	Miscellaneous.....	41
22.1	Notices.....	41
22.2	Right of Lessor to Perform.....	42
22.3	Execution in Counterparts.....	42
22.4	Law Governing.....	42
22.5	Headings and Table of Contents.....	42
22.6	Severability.....	42
22.7	Transaction Expenses.....	43

Attachments to Equipment Lease:

Schedule A	- Description of Items of Equipment
Schedule B	- Certificate of Acceptance Under Equipment Leases
Schedule C	- Schedule of Rental
Schedule D	- Schedule of Casualty Factors
Schedule E	- Representations and Warranties of the Lessee

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of October 31, 1988 is between CIBC LEASING INC., a Delaware corporation (the "Lessor"), and LOUIS DREYFUS CORPORATION, a New York corporation (the "Lessee");

W I T N E S S E T H

WHEREAS, the Lessor is acquiring the Ownership Interest (as defined in the Purchase Agreement hereinafter mentioned) of the Lessee in certain equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A attached hereto and made a part hereof from the Lessee, as seller, pursuant to, and subject to the conditions set forth in, a Purchase Agreement dated as of October 31, 1988 between the Lessor and the Lessee (as from time to time amended, supplemented or otherwise modified, the "Purchase Agreement"); and

WHEREAS, the Lessee desires to sublease the Equipment from the Lessor;

NOW, THEREFORE, for and in consideration of the premises and of the rental to be paid and the covenants hereinafter mentioned, the parties hereby agree as follows:

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1 Intent to Lease and Hire. Upon delivery and acceptance of each Item of Equipment pursuant to Section 1.2 hereof, the Lessee shall lease each Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2 Delivery and Acceptance of Items. The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place at which it is located on the Lease Commencement Date (as defined below). All Items of Equipment shall be tendered to the Lessee for acceptance on the same date and the date of acceptance of all Items of Equipment accepted by the Lessee shall be the "Lease Commencement Date", which date shall be the Closing Date (as defined in the Purchase Agreement). Upon the Lease Commencement Date, the Lessee will execute and deliver to the Lessor a Certificate of Acceptance in the form attached hereto as Schedule B (the "Certificate of Acceptance") with respect to the Equipment.

1.3 Lessee's Satisfaction with Equipment; Conformance with Specifications and Requirements. The Lessee's execution and delivery to the Lessor of the Certificate of Acceptance shall conclusively establish that each Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding

any defect with respect to design, manufacture, condition or in any other respect, and that the design and quality of the Equipment, and the standards of the maintenance thereof, meet the conditions and standards set forth in Section 1 of the Purchase Agreement.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1 Rentals for Equipment. The Lessee agrees to pay the Lessor, on the dates provided in Section 2.2 hereof, as the rental for each Item of Equipment leased hereunder, sixty (60) consecutive quarterly installments of rental, payable in advance ("Rental"). The amount of any Rental payable shall be determined by multiplying the Total Cost per Item of Equipment times the applicable lease rate factor. The lease rate factor for each of the first twenty-eight (28) Rental installments is set forth in Schedule C. The lease rate factor for each of the remaining thirty-two (32) Rental installments shall be determined as contemplated in Section 2.5 hereof.

2.2 Rental Payment Dates. Rental for each Item of Equipment during the Basic Term shall be due and payable on the last day of each October, January, April and July (each a "Rent Payment Date"), commencing with October 31, 1988. If any of the Rent Payment Dates is not a Business Day, the rent payment otherwise payable on such date shall be payable on the next succeeding Business Day.

2.3 Place of Rent Payment. Until such time as Lessor otherwise directs the Lessee in writing, the Lessee will make all payments of Rental and Casualty Value due hereunder by wire transfer not later than two hours after the opening of business of banks in New York, New York on the due date of such payment in Federal or otherwise immediately available funds to the Lessor's Account Number 802-300-6813 at Irving Trust Company, One Wall Street, New York, New York 10015, with notice of payment to the Lessor's Vice President - Leasing; provided, however, that, subject to Section 16 hereof, if Lessor notifies the Lessee that it has assigned, in whole or in part, its right to receive payments hereunder, the Lessee shall make such payments to the accounts designated by the Lessor or such assignee. The Lessor shall provide the Lessee with copies of all bills and statements for Transaction Expenses promptly upon the receipt thereof by the Lessor.

2.4 Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Rental and other amounts due hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of

the foregoing, the Lessee shall not be entitled to any abatement or reduction of rent (except as expressly provided in this Lease), including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof, nor, except as otherwise expressly provided in this Lease, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from any cause whatsoever, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due right, power or authority of the Lessor or the Lessee to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 or Section 15 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return thereof have been performed) or, as to an Item of Equipment, until such Item of Equipment is purchased by the Lessee pursuant to Section 18. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each Rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever unless, due to error, the Lessee overpays such Rental or other payment, in which case the Lessee shall be entitled to recover such overpayment.

2.5 Adjustments to Rental.

(a) Pricing Assumptions. Rental and Casualty Values shall be adjusted, upwards or downwards, to preserve Net Economic Return in the event that (i) Transaction Expenses are other than 1/3 of 1% of

aggregate Total Cost of the Equipment, or (ii) any change in the Internal Revenue Code of 1986 (the "Code"), any regulations promulgated under the Code or any revenue ruling, revenue procedure or informational release, which change affects the Lessor's Net Economic Return, shall be enacted, adopted and effective on or before the Lease Commencement Date. The Lessor shall provide the Lessee with (x) a new schedule of the revised lease rate factors and Casualty Factors promptly after such schedules are created and (y) copies of all bills and statements for Transaction Expenses promptly upon the receipt thereof by the Lessor.

(b) Rental Recalculation. (1) On or prior to the thirtieth (30th) day before the seventh (7th) Anniversary, the Lessor shall deliver to the Lessee an estimate of each of the One Year Lease Rate Factor and the Eight Year Remaining Term Lease Rate Factor. No later than three (3) days before the seventh (7th) Anniversary the Lessor shall provide the Lessee with definitive calculations of the One Year Lease Rate Factor and the Eight Year Remaining Term Lease Rate Factor. The Lessee shall notify the Lessor whether the Lessee has chosen the Rental based on the One Year Lease Rate Factor or the Eight Year Remaining Term Lease Rate Factor no later than 10:00 a.m., eastern time, on the seventh (7th) Anniversary. If the Lessee chooses the Rental based on the Eight Year Remaining Term Lease Rate Factor, the Lessee shall pay such Rental from the seventh (7th) Anniversary until the end of the Basic Term, and the Lessee shall have no further options under this Section 2.5.

(2) If the Lessee chooses the One Year Lease Rate Factor pursuant to paragraph (b)(1) above, the Lessee shall pay Rental based on such One Year Lease Rate Factor from and including the seventh (7th) Anniversary to, but excluding, the eighth (8th) Anniversary. On or prior to the thirtieth (30th) day before the eighth (8th) Anniversary, the Lessor shall deliver to the Lessee an estimate of each of the current One Year Lease Rate Factor and the current Remaining Term Lease Rate Factor. No later than three (3) days before the eighth (8th) Anniversary, the Lessor shall provide the Lessee with definitive calculations of the One Year Lease Rate Factor and the Remaining Term Lease Rate Factor. The Lessee shall notify the Lessor whether the Lessee has chosen the Rental based on the One Year Lease Rate Factor or the

Remaining Term Lease Rate Factor no later than 10:00 a.m., eastern time, on the eighth (8th) Anniversary. If the Lessee chooses the Rental based on the Remaining Term Lease Rate Factor, the Lessee shall pay such Rental from the eighth (8th) Anniversary until the end of the Basic Term of this Lease, and the Lessee shall have no further options under this Section 2.5.

(3) If the Lessee chooses the One Year Rental Lease Rate Factor pursuant to paragraph (b)(2) above, the Lessee shall pay Rental based on such One Year Lease Rate Factor from and including the eighth (8th) Anniversary to, but excluding, the ninth (9th) Anniversary. On or prior to the thirtieth (30th) day before the ninth (9th) Anniversary, the Lessor shall deliver to the Lessee an estimate of each of the current One Year Lease Rate Factor and the current Remaining Term Lease Rate Factor. No later than three (3) days before the ninth (9th) Anniversary, the Lessor shall provide the Lessee with definitive calculations of the One Year Lease Rate Factor and the Remaining Term Lease Rate Factor. The Lessee shall notify the Lessor whether the Lessee has chosen the Rental based on the One Year Lease Rate Factor or the Remaining Term Lease Rate Factor no later than 10:00 a.m., eastern time, on the ninth (9th) Anniversary. If the Lessee chooses the Rental based on the Remaining Term Lease Rate Factor, the Lessee shall pay such Rental at the Remaining Term Lease Rate Factor from and including the ninth (9th) Anniversary until the end of the Basic Term.

(4) If the Lessee chooses the One Year Rental Lease Rate Factor pursuant to paragraph (b)(3) above, the Lessee shall pay Rental based on the One Year Lease Rate Factor from and including the ninth (9th) Anniversary to, but excluding, the tenth (10th) Anniversary. On or prior to the thirtieth (30th) day prior to the tenth (10th) Anniversary the Lessor shall deliver to the Lessor an estimate of the current Remaining Term Lease Rate Factor. Within (3) three days of the tenth (10th) Anniversary the Lessor shall provide the Lessee with the definitive calculation of the Remaining Term Lease Rate Factor and the Lessee shall pay Rental based on the Remaining Term Lease Rate Factor from and including the tenth (10th) Anniversary until the end of the Basic Term.

(5) If the Lessee fails to notify Lessor of its election from time to time pursuant to this

Section 2.5(b), the Lessee shall be deemed to have elected Rental based on the Eight Year Remaining Term Lease Rate Factor or the Remaining Term Lease Rate Factor, as the case may be. The schedule of Casualty Factors shall be recalculated at any time Rental changes pursuant to this Section 2.5(b). The Lessor shall deliver to the Lessee a new Schedule D hereto on or prior to thirty (30) days after the date upon which the new Rental became effective.

(c) Verification Procedure. The recalculations of lease rate factors and Casualty Factors pursuant to this Section 2.5 shall be subject to verification by the Lessee, at its expense, by Ernst & Whinney or other nationally recognized public accountants selected by the Lessee. Within five (5) Business Days after the Lease Commencement Date, the Lessor shall deposit its computer runs setting forth the calculation of such amounts and percentages and Net Economic Return with Mayer, Brown & Platt in escrow. The information so deposited in escrow shall be sufficient to enable the aforementioned accountants to independently verify the recalculations. If the Lessee requests verification, such accountants shall either confirm to Lessee that such recalculated amounts and percentages were computed on a basis consistent with the original calculations or compute and provide to the Lessee and the Lessor revised amounts and percentages which are on such a basis. The revised amounts and percentages, as so confirmed or computed, as applicable, shall be conclusive and binding upon the Lessee and the Lessor.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the Lease Commencement Date and shall terminate on the fifteenth (15th) Anniversary of the Lease Commencement Date (the "Basic Term"), subject to the provisions of Sections 11 and 18 hereof.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

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

4.2 Duty to Number and Mark Equipment. The Lessee will, with respect to each Item of Equipment, maintain records as to the information set forth in Schedule A hereto and will keep

and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height, the reporting marks and the car number for such Item of Equipment and the following inscription:

"OWNED BY A LESSOR AND SUBJECT TO AN EQUIPMENT LEASE
FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 11303"

with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably required by the Lessor in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof; provided, however, that to the extent any Item of Equipment is not so marked on the date hereof, the Lessee shall use its best efforts to cause each Item of the Equipment to be marked with such information and such inscription on the earliest to occur of (1) the next regularly scheduled maintenance examination or servicing by the Lessee or (2) the next date on which such Item of Equipment is used at a grain elevator owned by Lessee. Subject to the proviso in the immediately preceding sentence, the Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change any of the information inscribed on any Item of Equipment except in accordance with a statement of the new information to be substituted therefor, which statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3 Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause or permit the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or any sublessee of the Lessee or any previous sublessee or owner on railroad equipment used or formerly used by the Lessee or such sublessee or owner, as appropriate, of the same or a similar type for convenience of identification of the right of the Lessee or such sublessee to use the Equipment hereunder or under any sublease permitted by Section 17 hereof.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT AS-IS WITHOUT WARRANTY OR REPRESENTATION BY THE LESSOR, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, (B) THE LESSOR'S TITLE THERETO, OR (C) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE ONLY, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease so long as no Event of Default (as defined in Section 14.1 hereof) shall have occurred and be continuing, to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers, contractors or prior owners in respect thereof.

SECTION 6. LESSEE'S INDEMNITY

6.1 Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and its successors, agents and assigns from and against:

- (a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and
- (b) subject to any differing provision of Sections 10, 11, 12.2 and 13 hereof with respect to the matters covered therein, any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of the Lessor other than as a result of the Lessor's or its agents' gross negligence or willful misconduct (i) relating to the Equipment or any part thereof, including, without limitation, the purchase, delivery, installation, ownership, leasing, return, sale or disposition of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor under the Operative Agreements (as hereinafter defined), (iii) as a result of claims for patent infringements, or (iv) as a result of claims for negligence or strict liability in tort relating to the Equipment. The term "Operative Agreements" shall mean: (i) this Lease, (ii) the Purchase Agreement, (iii) the

Income Tax Indemnification Agreement, dated as of the date hereof, between the Lessor and the Lessee (as from time to time amended, supplemented or otherwise modified, the "Tax Agreement"), (iv) the Assignment and Assumption Agreement, dated as of the date hereof, between the Lessor and the Lessee (the "Assignment and Assumption Agreement"), and (v) any documents or certificates delivered pursuant to any of the foregoing.

The Lessor shall give the Lessee and the Lessee shall give the Lessor notice of any event or condition which requires indemnification by the Lessee hereunder, or any allegation of such event or condition, promptly upon obtaining knowledge thereof. The Lessee shall pay all amounts due hereunder promptly on notice thereof from the Lessor that such amounts are due hereunder, and setting forth the facts of the event or condition to which such notice relates; provided, however, that the Lessee shall not be required to pay such amount so long as it shall, in good faith and by appropriate proceedings, contest the validity as against parties other than the Lessor of any event or condition which requires indemnification by the Lessee hereunder in any reasonable manner which will not affect, endanger or encumber the title and interests of the Lessor to the Equipment or any indemnification due the Lessor hereunder and if adequate reserves therefor have been established and are being maintained in accordance with generally accepted accounting principles.

6.2 Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability contained in this Section 6 shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof arising in respect of any Item of Equipment from events occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's returning of the Equipment as provided in Section 13 or 15 hereof, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability, and may select such counsel as it deems appropriate in connection with such matter; provided that, if the Lessor shall reasonably determine, upon the advice of counsel, that due to actual or potential conflicts of interest between the Lessor and the Lessee, it is in the best interest of the Lessor to appoint another counsel, then the Lessee agrees to the appointment of

such alternative counsel as the Lessor shall select and to pay the reasonable fees and expenses thereof. The indemnities and assumptions of liabilities set forth in this Section 6 do not constitute a guaranty of a residual value in the Equipment.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee will comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission (the "ICC") and the current Interchange Rules or supplements thereto of the Mechanical Division of the Association of American Railroads ("A.A.R.") as the same may be in effect from time to time with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance is reasonably interpreted as being required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees, subject to clause (ii) of Section 11.2 hereof, to make such installations at its own expense.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange (if and to the extent permitted by the Interchange Rules or supplements thereto of the Mechanical Division, A.A.R.). Except as required by the provisions of Section 7 hereof, and except as otherwise permitted by the provisions of this Section 8, the Lessee shall not modify any Item of Equipment without the prior written authority and approval of the Lessor. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. Other than additions or improvements referred to in this Section 8 or required pursuant to Section 7, the Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. If the Lessee shall, at its cost, cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing

material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge (i) any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, except for liens in connection with charges for taxes and of mechanics (or other similar liens with respect to the maintenance of the Equipment) not yet due, and (ii) any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment and if it shall deposit with the Lessor cash or other security satisfactory to the Lessor, in an amount sufficient, in the reasonable opinion of the Lessor, to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adverse to the Lessee, to the extent such cash or other security has not theretofore been deposited with or pursuant to order of the court having jurisdiction of such contest. If the Lessee shall have made a deposit with the Lessor pursuant to this clause and the Lessee thereafter shall be required to deposit cash or other security with such court, then the Lessor will, concurrently with such deposit, release to the Lessee an amount equal to the amount so deposited; provided that the aggregate amount deposited with such court and the Lessor shall be an amount sufficient in the opinion of the Lessor to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adverse to the Lessee. Any deposit made pursuant to the preceding sentence shall be held in an interest bearing account, the interest on which shall be the property of the Lessee. On final disposition of such contest, any cash or security in possession of the Lessor which is not required to pay or discharge or assure compliance with the matter contested shall be returned to the Lessee. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1 Filing. The Lessee will, at its sole expense, cause this Lease to be duly filed, recorded or deposited with the ICC in accordance with Section 11303 of the Interstate Commerce Act

for the protection of its title, and will furnish the Lessor with proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or rerecord whenever required) any and all further instruments (including, without limitation, financing and continuation statements or similar notices thereof) required by law or reasonably requested by the Lessor for the purpose of protecting the Lessor's title to the Equipment and this Lease or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will upon the written request of the Lessor deliver proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refile, recording, and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2 Taxes. (a) General Indemnity. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay and to indemnify and hold the Lessor and the Equipment (together with (i) all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee hereunder, (ii) all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of the Equipment, except such thereof as remain the property of the Lessee hereunder, and (iii) all the rights, titles, interests, claims and demands of the Lessor in, to and under this Lease (including all extensions of the term hereof), Rental, Casualty Value, insurance proceeds, condemnation awards and other payments now or hereafter payable or receivable by the Lessor, income and profits arising from this Lease or the Equipment), and any successors and permitted assigns of the Lessor (hereinafter referred to as a "Tax Indemnitee") harmless, on an after tax basis, from and against all license and registration fees and all taxes now or hereafter imposed by law, including, without limitation, income, excise, stamp, gross receipts, leasing, leasing use, franchise, sales, use, personal property (tangible or intangible), or other levies, imposts, duties, charges or withholdings of any nature whatsoever, together with any penalties, fines (except to the extent that such penalty or fine is solely attributable to an act or omission by the Tax Indemnitee) or interest thereon (collectively, "taxes, fees or other charges") imposed against any Tax Indemnitee, the Lessee, any Item of Equipment or any part thereof by any Federal, state or local government or taxing authority, or by any foreign government or any subdivision or taxing authority thereof, having jurisdiction, (i) upon or with respect to any Item of Equipment

or any part thereof, (ii) upon or with respect to the purchase, ownership, delivery, installation, lease, possession, use, rental, operation, return, sale or other disposition of an Item of Equipment, (iii) upon or with respect to payments of Rental, Casualty Value and receipts arising therefrom and (iv) upon or with respect to the Operative Agreements.

The provisions of this Section 10.2(a) shall not apply to the following taxes payable by the Lessor: (A) Federal income taxes imposed by the Code, or (B) the aggregate of the following taxes up to the amount of any such taxes which would be payable in the State of New York without apportionment to any other state and assuming sole usage of the Equipment in such state or locality: all state or local income taxes and, to the extent imposed in substitution for state or local income taxes which otherwise would be payable by the Lessor, franchise taxes measured solely by net income based on such receipts, gross receipts taxes other than gross receipts taxes in the nature of sales, use or rental taxes, and value added taxes; provided, however, that anything to the contrary above notwithstanding, but subject to the exceptions set forth above, Lessee will pay (without duplication) any such taxes, fees or other charges on or measured by any sums payable under any of the Operative Agreements or the net income therefrom which the Tax Indemnitee can reasonably establish are in substitution for or relieve the Lessee from any tax which the Lessee would otherwise be obligated to pay under the terms of this Section 10.2; provided further, that anything to the contrary above notwithstanding, the Lessee's obligations under this Section 10.2 will be reduced to the extent that the Lessee's payment of a tax under this Section 10.2 would reduce the Lessor's obligation otherwise to pay a tax described in clause (A) or (B) of this paragraph as not being subject to indemnification by the Lessee pursuant to this Section 10.2(a). The Lessee's obligation under this Section 10.2(a) shall extend only to any taxes, fees or other charges that accrue or become payable or are levied or assessed during the Term, or are levied or assessed after the expiration of the Term but arose from events occurring during the Term, and the Lessee's obligation pursuant to this Section 10.2 to pay or reimburse such taxes, fees or other charges shall continue until all such taxes, fees or other charges are paid or reimbursed by the Lessee. Notwithstanding any provision of this Section 10.2(a) to the contrary, the Lessee shall have no obligation to indemnify the Lessor for a tax imposed on account of the Lessor or an affiliate thereof being a non-United States corporation or entity.

(b) Tax Returns. In case any return, statement or report is required to be made with respect to any taxes, fees or other charges imposed on or borne or indemnified by the Lessee under this Section 10.2, the Lessee shall:

- (i) to the extent required or permitted by law, make and file in its own name such return, statement or report in such manner as will show the ownership of the Items of Equipment in the Lessor; and
- (ii) in the case of any other such return, statement or report required to be made in the name of a Tax Indemnitee, use its best efforts to advise the Lessor and such Tax Indemnitee of such fact and provide all necessary information sufficient to permit such return, statement or report to be properly made with respect thereto.

The Lessee shall hold each Tax Indemnitee harmless from and against any liabilities, obligations, losses, damages, penalties, claims, actions, suits and costs arising out of any insufficiency or inaccuracy in any such return, statement, report or information to the extent any such insufficiency or inaccuracy is attributable to the Lessee.

(c) Time and Manner of Indemnity Payments; Contest Rights. Any payment or indemnity payable by the Lessee pursuant to this Section 10.2 (except Section 10.2(d) hereof) shall be payable at such time as the taxes, fees or other charges giving rise to such payment or indemnity become payable, or, in the case of any tax, fee or other charge collected by withholding, at the time such withholding is required. In the case of any taxes, fees or other charges required or permitted to be paid directly by the Lessee, the Lessee shall make payment thereof to the appropriate taxing or other governmental jurisdiction. In the case of any taxes, fees or other charges paid directly by a Tax Indemnitee and indemnity payments for which the Tax Indemnitee is to be reimbursed under this Section 10.2, the Lessee shall make payment to the Tax Indemnitee entitled thereto promptly upon receipt of notice from such Tax Indemnitee setting forth the basis for the amount of such reimbursement and satisfactory evidence that the taxes, fees or other charges have been paid by the Tax Indemnitee. If any tax paid by withholding or on an estimated basis by a Tax Indemnitee is later increased or decreased on a final return, any payment previously made on account of such tax under this Section 10.2 shall be appropriately adjusted upward or downward.

Notwithstanding the foregoing, the Lessee shall be under no obligation to pay any tax, fee or other charge so long as such tax, fee or other charge remains unpaid and the Lessee is contesting in its own name and in good faith any by appropriate legal or administrative proceedings such tax, fee or other charge, or the Lessor is required to contest such imposition as provided herein, and the nonpayment thereof, does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of any Tax Indemnitee and the Lessee shall deposit with such Tax Indemnitee cash or other security reasonably satisfactory to such Tax Indemnitee in an amount sufficient in the opinion of such Tax Indemnitee to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adverse to the Lessee. Any deposit made pursuant to the immediately preceding sentence shall be held in an interest-bearing account, the interest on which shall be the property of the Lessee. On final disposition of such contest, any cash or security in possession of such Tax Indemnitee which is not required to pay or discharge or assure compliance with the matter contested shall be returned to the Lessee. The Lessee will give the Lessor prompt notice of such contest brought in the Lessee's name, but in no event later than thirty (30) days after institution thereof. The Lessor will: (i) upon receipt of actual knowledge thereof, promptly notify the Lessee of any claim with respect to which any payment or indemnity by the Lessee may be required pursuant to this Section 10.2, (ii) not make payment with respect to such claim for at least thirty (30) days (or a shorter period of time where the failure to pay such claim would, in the reasonable judgment of the Lessor, impair the right, title and interest of the Lessor to the Equipment) after the giving of such notice, and (iii) provide such information as may be reasonably requested by the Lessee in furtherance of any contest. In the event the Lessee (i) is prohibited by law from contesting a tax, fee or other charge in its own name or (ii) is unable to contest a tax, fee or other charge in its own name due to lack of necessary information, provided that the Lessee has made a reasonable attempt to obtain such necessary information and is unable to attain such information, the Lessor shall, upon request and at the expense of the Lessee, take all legal and other appropriate action reasonably requested by the Lessee to contest such imposition in the case of a tax, fee or other charge. The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have (A) provided to the Lessor an opinion satisfactory to the Lessor of independent tax counsel to the effect that a meritorious basis exists for contesting such imposition, and (B) indemnified the Lessor for all liabilities and expenses which may be entailed therein. Further, the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses,

damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action taken by the Lessor or the Lessee under this Section 10.2, other than as a result of the Lessor's or its agent's gross negligence or willful misconduct. The Lessee shall be entitled to any refunds received by the Lessor or the Lessee in respect of any imposition paid by the Lessee, provided no Event of Default or other event (herein called a "Default") which after notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing.

(d) Federal Tax Attributes, Indemnification Agreement. It is the intent of the Lessor and the Lessee that this Lease will be recognized as a lease for all Federal, state, and local income tax purposes, that this Lease does not convey to the Lessee any right, title or interest in or to the Items of Equipment except as sublessee and that for Federal income tax purposes the Lessor will be treated as the lessee of the Items of Equipment and entitled to such deductions, credits and attributes as are provided by the Code with respect to such tenancy. To that end, the Lessee and the Lessor intend to enter into the Tax Agreement (which Tax Agreement is hereby incorporated herein and made a part hereof) pursuant to which the Lessee will agree to indemnify the Lessor against loss of the benefit of certain such tax attributes, as more fully set forth in such Tax Agreement, in accordance with the terms and conditions thereof.

For purposes of this Section 10.2, the term "the Lessor" shall include any member of an affiliated group of which the Lessor is, or may become, a member if consolidated, joint or combined returns are filed for such affiliated group for Federal, state or local income tax purposes.

All payments made by the Lessee pursuant to this Section 10.2 or the Tax Agreement shall be deemed to be payments of additional rent for the Equipment.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1 Insurance. (a) General. The Lessee will at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment and comprehensive public liability (both bodily injury and property damage) insurance, in amounts (with customary deductibles) and against risks customarily insured against by the Lessee on similar equipment owned or leased by it; and in any event, with respect to property insurance, coverage shall include insurance against loss by fire, windstorm and explosion and have extended coverage and shall be in an amount not less than the aggregate Casualty Value from time to time of the Equipment and

with respect to public liability insurance, coverage shall be in an amount not less than \$10,000,000 in the aggregate for any one year and not less than \$5,000,000 per occurrence. The Lessee currently maintains the insurance coverage described in the certificates of insurance delivered pursuant hereto. The policies of insurance required under this Section 11.1 shall be valid and enforceable policies issued by insurers of recognized responsibility comparable to the Lessee's present insurers. Such insurance shall be primary coverage for the protection of the Lessee and the Lessor, as their interests may appear, notwithstanding other coverage carried by the Lessor or the Lessee protecting against similar risks. The benefits of all property insurance will be adjusted with the Lessee and the Lessor, as their interests may appear, and the Lessee will deliver certificates of insurance evidencing any property insurance effected or in force in accordance with the provisions of this paragraph. With respect to all public liability insurance, the Lessee shall cause each policy to cover the interest of the Lessor for claims arising from the ownership, operation, maintenance or use of the Equipment and to name the Lessor as an additional insured.

On or before the Lease Commencement Date, and thereafter not less than ten (10) days prior to the expiration dates of any expiring policies theretofore furnished under this Section 11.1, originals of the policies and satisfactory evidence of the payment of premiums thereon shall be delivered by the Lessee to the Lessor, except that the Lessor shall accept certificates of insurance from a recognized insurance broker of national standing if such certificates evidence the insurance required by this Section. Such policies may be blanket policies covering other equipment not covered by this Lease, provided that the aforementioned certificates shall indicate that Equipment leased hereunder is included therein and covered thereby to the full extent of amounts herein required. All such policies shall contain an agreement by the insurers that such policies shall not be cancelled without at least thirty (30) days' prior written notice (or such other maximum prior written notice period less than thirty (30) days as is common insurance industry practice at the time) to the Lessor.

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Lessee or condemnation payments actually received by the Lessor in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 11. If the Lessor or the Lessee shall receive any such net insurance proceeds or condemnation payments after the Lessee shall have made a Casualty Value payment pursuant to this Section 11 without

deduction for such net insurance proceeds or such condemnation payments, the Lessor shall pay such net insurance proceeds or condemnation payments to the Lessee, or the Lessee may retain such proceeds or payments, as appropriate; provided, however, that if an Event of Default or Default shall have occurred and be continuing, any insurance proceeds received by the Lessor shall be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11.3 hereof and the balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds (excluding public liability insurance) received by the Lessor or the Lessee with respect to an Item of Equipment not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Item of Equipment, and any balance shall be paid to, or retained by, the Lessee unless an Event of Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee shall be retained by the Lessor and applied to discharge the liabilities of the Lessee under this Lease and any balance shall remain the property of the Lessor.

(b) Performance by Lessor. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, but without obligation, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof, together with interest thereon, determined as provided in Section 21 hereof, computed from the date of payment of such cost to the date of reimbursement. The Lessor shall give the Lessee prompt written notice of any such insurance.

11.2 Casualty Occurrence and Duty of Lessee to Notify Lessor. In the event that: (i) any Item of Equipment shall be in a condition for a period of nine (9) consecutive months which would require its inclusion for such entire nine-month period in bad order reports (or any reports made in substitution therefor) to be made to the A.A.R., (ii) the Board of Directors of the Lessee in good faith makes a written determination at any time that the making of any changes or additions required by any governmental rule or regulation, which changes are also required to be made by the Lessee pursuant to Sections 7 and 8 hereof, are uneconomic in light of the use of equipment of the type of the Equipment in normal railroad interchange service, (iii) any Item of Equipment shall be or become lost, stolen, destroyed, or in the reasonable opinion of the Lessee, irreparably damaged or damaged beyond economical repair during the Term including any renewal term hereunder, or thereafter while the Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or

otherwise during the Term or (iv) in the event the Lessor receives within thirty (30) days of the Lease Commencement Date an opinion of Sullivan & Worcester or Alvord and Alvord after the Lease Commencement Date to the effect that as of the Lease Commencement Date there existed any lien or encumbrance on any Item of Equipment which was not disclosed in Exhibit B to the Purchase Agreement; provided, however, that such event shall only be a Casualty Occurrence if such lien or encumbrance set forth in such opinion or opinions is in the nature of an equity lien or encumbrance and provided further, that if such lien or encumbrance relates to the existence of a lease or sublease with respect to such Equipment, such lien or encumbrance shall be a Casualty Occurrence only in the event that the Lessee has failed within thirty (30) days of notice of the existence thereof to (i) correct Schedule B to the Purchase Agreement to reflect such lien or encumbrance or (ii) establish to the reasonable satisfaction of the Lessor that such lien or encumbrance is not in effect or is not material to the interests of the Lessor (any such occurrence as to an Item of Equipment, except for any requisition which by its terms is for a stated period which does not exceed the term of this Lease, being herein called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor (except in the case of a Casualty Occurrence based on clause (iv) above in which event the Lessor shall notify the Lessee of the existence of such Casualty Occurrence) in regard thereto and shall pay the Casualty Value (as defined in Section 11.3 hereof) of such Item of Equipment in accordance with the terms hereof.

11.3 Casualty Value. The casualty value of each Item of Equipment shall be an amount determined as of the date such value is required to be paid as provided in Section 11.7 equal to the sum of (i) the Total Cost for such Item of Equipment times the Casualty Factor set forth in Schedule D for the date of such payment, plus (ii) any other sums due hereunder in respect of such Item or Items of Equipment, plus, (iii) the Loss Value (as defined in the TBT Agreement), if any, payable under the TBT Agreement, plus (iv) the amount of the Breakage Value, if (x) on the date of such payment the current yield to maturity on the United States Treasury Note having a maturity date which most closely corresponds to October 31, 1995 (the "Swap Rate") is less than (y) the current yield to maturity in effect on the Lease Commencement Date on the 8-5/8% United States Treasury Note due October 15, 1995 (the "Constant") as certified by the Lessor to the Lessee on the Lease Commencement Date (collectively, the "Casualty Value").

11.4. Early Termination. Upon not less than one hundred twenty (120) days' irrevocable prior written notice to the Lessor and any assignee under Section 16 hereof (the "Termination")

Notice") and so long as no Event of Default or Default has occurred and is continuing, the Lessee may terminate this Lease after the fifth (5th) Anniversary as to Items of Equipment on any Rental Payment Date thereafter (the "Termination Date") upon the good faith determination of the Board of Directors of the Lessee that such Items of Equipment are economically obsolete or are surplus to the Lessee's needs and upon the payment of the amounts hereinafter set forth and satisfaction of the obligations set forth in Section 11.6 hereof; provided, however, that the Lessee shall only give one Termination Notice in any twelve (12) month period and the aggregate Casualty Value of the Items to be terminated under this Lease and the Other Lease is at least one million dollars (\$1,000,000). The Termination Notice shall identify the Items of Equipment with respect to which this Lease is being terminated and the Termination Date on which payment will be made. On the Termination Date the Lessee shall pay to the Lessor, subject to Section 11.6, an amount equal to the Casualty Value of such Items of Equipment as of such Termination Date.

11.5 Rent Termination. Upon (and not until) payment of the sums set forth in Section 11.7 or 11.4 hereof in respect of any Item or Items of Equipment, the obligation to pay Rental for such Item or Items of Equipment accruing on or subsequent to the date such payment is made shall terminate, but the Lessee shall continue to pay Rental for all other Items of Equipment.

11.6 Disposition of Equipment. Provided no Default or Event of Default shall have occurred and be continuing or if, notwithstanding either such event, the Lessor shall have so directed, the Lessee shall, unless the Lessor has notified the Lessee, within ten (10) days after receipt by the Lessor of the Termination Notice, that the Lessor elects to retain such Items of Equipment, as agent for the Lessor, dispose of such Item or Items of Equipment for which settlement has been made pursuant to Section 11.7 or 11.4 hereof as soon as it is able to do so in a commercially reasonable manner in its then existing condition and location, ("as-is, where-is") without recourse, representation or warranty, expressed or implied. As to each separate Item of Equipment so disposed of and for which all Rental and Casualty Value have been paid pursuant hereto, the Lessee may, provided no Default or Event of Default shall have occurred and be continuing, retain all amounts arising from such disposition. Neither the Lessee nor any "affiliate" (as that term is hereinafter defined) of the Lessee shall be permitted to purchase any Item of Equipment with respect to which this Lease has been terminated pursuant to Section 11.7 or 11.4 hereof unless such Item of Equipment suffered a Casualty Occurrence, has no substantial value and is to be scrapped or dismantled for the purpose of salvaging useable parts or the hulk, in which event

the Lessee may purchase any such parts or the hulk. Any sale or other disposition pursuant to this Section 11.6 must be effective to fully divest the Lessor of all of the Lessor's right, title and interest in and to, and all obligations of the Lessor with respect to, such Item or Items of Equipment. It is understood and agreed that the Lessor shall not be liable to the Lessee for any costs or expenses incurred by the Lessee in connection with the sale or other disposition of any Item of Equipment.

For purposes of this Section 11.6, the term "affiliate" shall mean: (a) any subsidiary of the Lessee or any corporation or other person reported in the published financial statements of the Lessee on an equity in net assets basis in accordance with generally accepted accounting principles, or (b) any "related person" within the meaning of Section 318 of the Code.

11.7 Payment for Casualty Occurrence. In the event of a Casualty Occurrence with respect to any Item of Equipment which takes place on a date other than a Rent Payment Date, the Lessee shall, on the next succeeding Rent Payment Date, pay to the Lessor the Casualty Value for such Item of Equipment. In the event of a Casualty Occurrence which takes place on a Rent Payment Date, the Lessee shall, on such Rent Payment Date, pay to the Lessor the Casualty Value for such Item of Equipment.

11.8 Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to, or termination with respect to, any Item of Equipment from and after the date hereof and continuing throughout the Term and during any storage period provided in Sections 13 and 15 hereof until: (a) payment of the Casualty Value and (b) the title to such Item of Equipment or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item of Equipment or the salvage thereof.

11.9 Eminent Domain. In the event that during the Term the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which does not exceed the Basic Term, the Lessee's obligation to pay Rental shall continue for the duration of the requisition or taking of such Item and, if such requisition or taking is continuing on the last day of the Basic Term, a Casualty Occurrence with respect to such Item shall be deemed to have occurred on the last day of the Basic Term. The Lessee shall be entitled to receive and retain amounts received from any governmental authority as compensation for the requisition or taking of possession of such Item of Equipment to an amount equal to Rental paid or payable hereunder for such

period; provided, however, that if the Lessee pays the Casualty Value in connection with a Casualty Occurrence and no Default or Event of Default has occurred and is continuing hereunder, the Lessee shall be entitled to receive and retain for its own account, and the Lessor shall promptly deliver to the Lessee, all sums paid by such governmental authority after such Casualty Value is paid.

SECTION 12. ANNUAL REPORTS.

12.1 Duty of Lessee to Furnish. No less than one hundred twenty (120) days after the end of each fiscal year of the Lessee, commencing with the fiscal year ending May 31, 1989, the Lessee will furnish to the Lessor and its assigns an accurate statement, as of the end of such fiscal year, (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding twelve (12) months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced. In addition, on or before one hundred twenty (120) days after the end of every third (3rd) fiscal year, commencing with the fiscal year ending May 31, 1991, the Lessee will furnish to the Lessor a report of an independent maintenance contractor, selected by the Lessee and satisfactory to the Lessor, stating that the Equipment is being maintained in accordance with the terms of this Lease.

12.2 Lessor's Inspection Rights. The Lessor and any assignee of the Lessor pursuant to Section 16 hereof each shall have the right, at its sole cost, liability and expense, by its authorized representative, to inspect the Equipment wherever it may be located from time to time and the Lessee's records (excluding confidential records pertaining to the revenue earned by the Equipment), at the Lessor's risk (other than with respect to the Lessee's or its agents' or its employees' negligence), at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, such assignee, the existence and proper maintenance of the Equipment and compliance by the Lessee with the terms of the Operative Agreements.

12.3 Financial Reports. The Lessee will furnish the Lessor, within one hundred twenty (120) days after each fiscal year of the Lessee, a copy of the annual audit report of the Lessee and its subsidiaries prepared on a consolidated basis and in conformity with generally accepted accounting principles

applied on a basis consistent with the audited consolidated financial statement of the Lessee and its subsidiaries as at the end of the prior fiscal year (except as set forth therein), duly certified by independent certified public accountants of nationally recognized standing selected by the Lessee.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

No less than one hundred twenty days (120) prior to the expiration of the Term with respect to any Item of Equipment, the Lessee shall notify the Lessor of its intention to return such Equipment to the Lessor. The Lessee shall return the Equipment with respect to which such notice was given no earlier than thirty (30) days prior to the expiration of the Term to storage tracks selected by the Lessor located in any one or more of the Minneapolis, Minnesota, Kansas City, Missouri and Chicago, Illinois switching districts or metropolitan areas. Notwithstanding the foregoing sentence, in the event the Lessee is unable to return or cause to be returned the Equipment to the Lessor due to circumstances beyond the Lessee's control, as to such Equipment, the Lessee shall issue billing instructions to the party in control of such Equipment directing such party to return such Equipment to the Lessor at one or more of the destinations identified in the immediately preceding sentence. The Lessee shall promptly notify the Lessor of such billing instructions and provide the Lessor with all information relevant thereto. Notwithstanding the timely issuance of such billing instructions by the Lessee, nothing contained herein shall relieve the Lessee of its obligation to the Lessor to return or cause to be returned the Equipment to the Lessor upon the expiration of the Term. In the event any Equipment is not returned to the Lessor upon the expiration of the Term, the Lessee's obligations to the Lessor under this Lease, including an obligation to pay hold-over rent determined on a per diem basis equivalent to the daily Rental due during the last quarterly period of the Term, shall continue until such time as the Equipment is returned to the Lessor. So long as the Lessee has performed its obligations set forth in the second and third sentences hereof, the Lessee shall in no event be liable for consequential damages for failure to return the Equipment due to circumstances beyond its control. The Lessee shall, however, reimburse the Lessor for all reasonable costs and expenses incurred thereby in connection with any action commenced in good faith and in the reasonable business judgment of the Lessor to obtain possession of such Equipment in such circumstances. The Lessor shall notify the Lessee of the site designated for such return no later than sixty (60) days prior to the scheduled return of any Item of Equipment. The Lessee covenants that, at the time any Item of Equipment is returned to the Lessor in the manner above provided, it will then be in compliance with all

applicable United States Department of Transportation and ICC requirements and specifications, if any, and all standards recommended by the A.A.R. as being applicable to railroad equipment of the character of the Equipment. All movement to the return site of each such Item of Equipment is to be at the risk and expense of the Lessee. The return of the Equipment is hereinbefore provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so return the Equipment. In the event that the Lessee is unable to return an Item of Equipment within sixty (60) days after expiration of the Term, the Lessee shall pay to the Lessor as to such Item of Equipment the higher of (i) the hold-over rent therefor or (ii) amounts earned in respect of the Equipment after the expiration of this Lease. The Lessor acknowledges that its rights to obtain possession of the Equipment under this Section 13 may be limited in the case of permitted subleases not expressly subordinated to this Lease.

SECTION 14. DEFAULT.

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

(a) Default shall be made in the payment of any part of Rental or other sums provided in Section 2 or 11 hereof and such default shall continue for five (5) Business Days; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or the unauthorized possession of any Item of Equipment under this Lease; or

(c) The Lessee shall fail to maintain the insurance coverage required pursuant to Section 11 hereof and such default shall continue for ten (10) days after written notice from the Lessor to the Lessee, provided, however, that no notice from the Lessor shall be required in any case where the Lessor has failed to receive a notice of the lapse or expiration of insurance as required by Section 11; or

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any other of the Operative Agreements and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(e) Any representation or warranty made by the Lessee herein or in any other of the Operative Agreements (other than the Tax Agreement) or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Lease or any of the other Operative Agreements is untrue in any material respect as of the date of issuance or making thereof; or

(f) The Lessee becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature or generally is not able to pay its debts as they become due, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee, receiver or other custodian for the Lessee or for the major part of its property; or a trustee, receiver or other custodian is appointed for the Lessee or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(g) Any other case or proceeding shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions, and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees, receiver or receivers or debtor in possession or other custodian appointed for the Lessee or for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status and priority as obligations incurred by such a trustee or trustees or receiver or receivers or other custodian which are entitled to the first priority for expenses of administration, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier; or

(h) An event of default shall occur under (i) the Other Lease, or (ii) any loan agreement or other arrangement pursuant to which the Lessee, at the time of such event of default, has indebtedness outstanding in an aggregate amount of ten million dollars (\$10,000,000) or more or pursuant to which the Lessee has the right to borrow (whether or not any

amount has been borrowed) an aggregate of ten million dollars (\$10,000,000) or more or (iii) any lease or lease intended as security pursuant to which the Lessee has the right to lease or purchase an asset or assets the aggregate fair market value of which on the day the lease was executed was ten million dollars (\$10,000,000) or more (such loan agreement, other arrangement or lease being hereinafter called the "Other Agreement"), and any grace period permitted by the Other Lease or Other Agreement with respect to such event of default shall have expired, it being understood that, subject to the provisions of the next succeeding sentence, a waiver of such default by the lessor under such Other Lease or by the lender or lessor under such Other Agreement shall constitute a waiver of such default under this Lease without the approval of the Lessor. A waiver by the lender or the lessor of an event of default after the event of default has occurred under the Other Lease or the Other Agreement in respect of the payment of money under the Other Lease or under any such Other Agreement shall not constitute a waiver of such default under this Lease.

14.2 Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable fees of attorneys who are not employees of Lessor; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may, subject to Section 17.2 hereof, by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, and may direct any sublessee of the Lessee to make sublease payments directly to the Lessor, and in the event such payments are made to the Lessee, receive such amounts paid to the Lessee, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued (giving effect to the fact that Rental is paid in advance) 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 accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all Rentals for such Item of Equipment which would otherwise have accrued hereunder from the date of such termination to the end of the Term over the then present worth of the then Fair Rental Value of such Item of Equipment for such period, such present worth to be computed in each case on a basis of a discount rate equivalent to 1% over the current yield to maturity on the United States Treasury Note then outstanding having a remaining maturity which most closely matches the period from the date of termination to the end of the Term, compounded semi-annually from the respective dates upon which Rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the Rent Payment Date on or immediately preceding the date of termination over the Fair Market Value thereof at such time; and (ii) if not otherwise reimbursed by the Lessee pursuant hereto, any damages and expenses, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease.

For purposes of this Section 14.2, Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner contemplated by the appraisal arrangements specified in Section 18.3 hereof; provided, however, that any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item of Equipment and any sale in a commercially reasonable manner (net of costs and expenses incurred by the Lessor or its agents in connection therewith) of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item of Equipment.

14.3 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein

provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessor in connection with the lease of the Equipment; provided, however, that nothing in this Section 14.3 shall prevent Lessee from asserting a claim against the Lessor in an independent action or proceeding.

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

14.5 Notice of Event of Default. The Lessee will furnish to the Lessor promptly upon any responsible officer of the Lessee having knowledge of any condition which constituted or constitutes an Event of Default or a Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

14.6 Mitigation. The Lessor acknowledges and agrees that all amounts it receives with respect to sublease rentals shall mitigate the liability of the Lessee to the Lessor by such amounts. The Lessor further acknowledges and agrees that any Rental received by the Lessor attributable to any period after the date of termination of this Lease pursuant to this Section 14 shall, except to the extent needed to discharge other obligations of the Lessee to the Lessor, be returned to the Lessee promptly after the determination that such Rental is in excess of Lessee's obligations to the Lessor.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

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

- (a) forthwith return each such Item of Equipment to such storage tracks located in any one or more of the Minneapolis, Minnesota, Kansas City, Missouri, and Chicago, Illinois switching districts or metropolitan areas or to a point of interchange within a 100-mile radius of such storage tracks, all as the Lessor may designate or, in the absence of such designation, as the Lessee may select with the approval of the Lessor;
- (b) notwithstanding the foregoing, in the event the Lessee is unable to return or cause to be returned the Equipment to the Lessor due to circumstances beyond the Lessee's control, as to such Equipment, the Lessee shall forthwith issue billing instructions to the party in control of such Equipment directing such party to return it to the Lessor at one of the destinations permitted under Section 15.1(a) as designated by the Lessor. The Lessee shall promptly notify the Lessor of such billing instructions and provide the Lessor with all information relevant thereto.

The Lessee covenants that, at the time any Item of Equipment is returned to the Lessor in the manner above provided, it will then be in compliance with all applicable United States Department of Transportation and ICC requirements and specifications, if any, and, if and to the extent permitted thereby, all standards recommended by the A.A.R. applicable to railroad equipment of the character of the Equipment. In the event any Item of Equipment is not returned as hereinabove provided the measure of the Lessee's liability to the Lessor with respect to such Equipment shall be the higher of (i) the daily equivalent of the Rental which would otherwise have been payable except for such termination, or (ii) the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day such Equipment is not returned. In addition, the Lessee shall reimburse the Lessor for all reasonable costs and expenses incurred thereby in connection with any action commenced in good faith and in the reasonable business judgment of the Lessor to obtain possession of such Equipment. If, however, the Lessee has fulfilled its obligations set forth in clause (b) hereof, the Lessee shall in no event be liable for consequential damages for failure to return the Equipment due to circumstances beyond the Lessee's control.

15.2 Specific Performance. The return of the Equipment as hereinabove provided is of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the

Lessee requiring specific performance of the covenants of the Lessee so to return the Equipment.

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

15.4 Effect of Subordination. The Lessor acknowledges that its rights to obtain possession of the Equipment under this Section 15 may be limited in the case of permitted subleases not expressly subordinated to this Lease.

SECTION 16. ASSIGNMENTS BY LESSOR.

The Lessor may assign and transfer the Ownership Interest and/or its rights and obligations hereunder, in whole or in part, to any person which assumes in writing the obligations of the Lessor under this Lease in respect of the Ownership Interest that is assigned and transferred. The Lessor shall give to the Lessee notice of assignment together with the name and address of such assignee and furnish the Lessee with a copy of the instruments of assignment, transfer and assumption. The Lessee shall treat such assignee as the Lessor hereunder to the extent of the assignment for all purposes; provided, however, that so long as no Event of Default or Default has occurred and is continuing hereunder, the Lessor shall not, without the prior written consent of the Lessee, assign its rights hereunder to any person other than an institutional investor or financial institution which is not a competitor of the Lessee or any of the Lessee's affiliates and which shall have represented to the Lessor that such person is acquiring the Lessor's Ownership Interest for investment and not with a view to the distribution thereof. In the event of an assignment by the Lessor and its permitted assigns to more than two additional parties (including assignees under the Other Lease), Lessor shall, as a condition to the effectiveness of such assignment, obtain the written agreement of such assignee that it shall appoint the Lessor or a prior assignee of the Lessor (which shall have accepted such appointment) as its agent for all purposes of dealing with the Lessee under this Lease, such that at no time shall there be more than three parties as Lessors or assignee Lessors under this Lease and the Other Lease to which the Lessee shall have to pay Rental, provide information or give notices hereunder and the Lessee may rely on that appointment for

all purposes, notwithstanding any notice to the contrary from any such assignee or transferee. Each such assignment, transfer and assumption shall include a provision to the effect that at any time at which there are more than three persons holding portions of the Ownership Interest (including those holding interests under the Other Lease) and no such agent has been appointed and is acting, the Lessee shall be required to deal only with the holder of the portion of the Ownership Interest covering the greatest number of Items of Equipment and each person holding a portion of the Ownership Interest shall be bound by all actions and omissions to act taken by that agent.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1 Lessee's Rights to the Equipment. So long as no Default or Event of Default has occurred and is continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest, or any of its rights or obligations, under this Lease or in any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except as disclosed in Exhibit B to the Purchase Agreement and to the extent permitted by the provisions of Section 17.2 hereof. In no event shall the Lessee enter into any pooling arrangement or agreement the benefits of which may not be assigned by the Lessee without the consent of any other party thereto.

17.2 Use and Possession; Permitted Assignments and Subleases. So long as no Event of Default or Default has occurred and is continuing, the Lessee shall be entitled to the use and possession of the Equipment; provided, however, that nothing contained in this Lease shall be deemed to prohibit the use of the Equipment by others in the usual interchange of traffic and that the Lessee will not (except to the extent permitted by the provisions of Section 17.3 and Section 17.4 hereof) assign or permit the assignment of any Item of Equipment to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee agrees that it will not, without the prior written consent of the Lessor, which shall not unreasonably be withheld, assign this Lease or any of its rights hereunder, provided, however, that the Lessee may without the written consent of the Lessor assign its rights hereunder to any assignee whose obligations under this Lease are unconditionally guaranteed by the Lessee. So long as no Default has occurred and is continuing, the Lessee shall have

the right to sublease the Equipment or any Items of Equipment thereof to any railroad or corporation organized under the laws of the United States of America or any state thereof or the District of Columbia, provided that such sublease shall not provide that the Equipment will be operated and maintained in a manner contrary to the terms hereof. No such assignment or sublease shall relieve the Lessee of any liability or obligations hereunder, all of which shall be and remain those of a principal and not a surety. Any such permitted sublease shall in all cases be for a term expiring not later than one day less than the end of the then current term of this Lease. Permitted subleases for terms of more than five (5) years shall in all events be expressly subject and subordinate to this Lease and the rights and interests of the Lessor and its successors and assigns hereunder except that certain sublease to the Ferdinand Railroad which expires in September, 1989, which sublease is subject to a five (5) year fixed rate renewal option, which sublease, if such renewal option is exercised, need not be subordinated to this Lease. Permitted subleases with terms of five (5) years or less but more than eighteen (18) months shall also be expressly subject and subordinate to this Lease and the rights and interests of the Lessor and its successors and assigns hereunder if (i) the product of the Total Cost per Item of Equipment multiplied by the then effective lease rate factor divided by three plus (ii) the monthly average of the Lessee's cost of maintenance, insurance, taxes and administration per Item of Equipment (which average costs shall be supplied annually to the Lessor by the Lessee) is less than the monthly sublease rent payable with respect to such subleased Item of Equipment. For the purposes hereof, the monthly average of such costs for the first six (6) months after the Lease Commencement Date shall be deemed to be \$85 per Item of Equipment. In the case of the period from the aforementioned six (6) month period to the third (3rd) Anniversary such monthly average costs may be computed by reference to the Lessee's costs for equipment similar to the Equipment. Except as provided above, all other permitted subleases may be effected without an express subordination to this Lease. Without limiting the foregoing, the Lessee covenants that, unless the Lessor has otherwise expressly consented in writing, it shall cause any sublease to be terminated in such manner that the term thereof shall end not later than one day less than the end of the term of this Lease. The Lessee shall, promptly upon entering into any such permitted sublease, furnish to the Lessor a written statement setting forth the name and address of the sublessee, the reporting marks and car numbers for the Equipment covered by such sublease and the term of such sublease. The Lessee shall furnish the Lessor with a copy of each sublease agreement.

17.3 Canadian Use. So long as no Event of Default or

Default has occurred and is continuing, and subject to Section 17.2 hereof, the Lessee may assign or permit the assignment of or otherwise use the Items of Equipment to and in service in Canada ("Canadian Use") provided, that, except as disclosed in writing to the Lessor on the Lease Commencement Date, no Items of Equipment may be placed in Canadian Use for a period of thirty (30) days after the Lease Commencement Date.

17.4 Mexican Use. So long as no Event of Default or Default has occurred and is continuing, and subject to Section 17.2 hereof, the Lessee may assign or permit the assignment of or otherwise use the Items of Equipment to and in service in Mexico ("Mexican Use") provided that no more than ten percent (10%) of the Items of Equipment then subject to this Lease and the Other Lease may be placed in Mexican Use at any one time.

17.5 Merger, Consolidation or Acquisition of the Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation organized under the laws of the United States or any state thereof or the District of Columbia (which shall have duly assumed in writing all of the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired all or substantially all of the assets of the Lessee, provided that upon the effectiveness of such merger or consolidation or acquisition of properties, no Default will have occurred and be continuing and that such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a surety. The Lessee agrees to give the Lessor written notice of any such proposed merger, consolidation or acquisition not later than simultaneously with the giving of notice thereof by the Lessee to its shareholders.

SECTION 18. RENEWAL AND PURCHASE.

18.1 Initial Election. Provided that this Lease has not been earlier terminated and no Event of Default or Default shall have occurred and be continuing hereunder, the Lessee may, by written notice delivered to the Lessor not less than one hundred twenty (120) days prior to the last day of the Basic Term, notify the Lessor whether or not the Lessee irrevocably elects to renew the term of this Lease in respect of some or all Items of Equipment pursuant to Section 18.2 hereof of this Lease. Such notice shall specify which Items of Equipment shall be covered by that renewal.

18.2 Renewal. (a) Any renewal of the term of this Lease pursuant to Section 18.1 hereof shall be for a period of five (5) years commencing on the last day of the Basic Term of this Lease, and shall be subject to the terms and conditions herein contained for the Basic Term; provided that the Rental payable each quarter for and during any such renewal term shall be an amount equal to 50% of the average actual Rental payable for such Items of Equipment during the Basic Term. Any renewal of the term of the Lease shall only be available if (i) the Items of Equipment being renewed hereunder and under the Other Lease, together with the Items of Equipment, if any, being purchased pursuant to Section 18.3(a) hereof and the Other Lease, leave no less than one hundred (100) Items of Equipment under the Ownership Interest of the Lessor but not under lease hereunder, unless the Lessee renews this Lease with respect to or purchases all, but not less than all, of the Equipment then subject to this Lease and the Other Lease, and (ii) there has been no material adverse change in the financial condition, operations or business of the Lessee since May 31, 1988 which would impair the Lessee's ability to meet its obligations in general.

(b) Provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall have the right to further renew this Lease as to any or all Items of Equipment, by written notice delivered to the Lessor not less than one hundred twenty (120) days prior to the end of the immediately preceding renewal term, at the Fair Rental Value (as hereinbelow defined) therefor, provided, however, that the term of such renewal shall be for less than the remaining useful life for such Equipment as determined by an independent appraisal obtained by the Lessor at the expense of the Lessee.

18.3 Purchase Options. (a) If prior to the end of the Basic Term the Lessor receives from a third party not affiliated with the Lessor or the Lessee an offer to purchase in an arms-length transaction the Lessor's Ownership Interest in any or all of the Items of Equipment at the expiration of the Basic Term, the Lessor shall give the Lessee notice of such offer, which notice shall describe the economic terms thereof and contain an offer to sell to the Lessee such Ownership Interest upon the same economic terms set forth in the third party offer; except that if those economic terms provide for payment of consideration by the purchaser in a form other than cash and are of a nature that cannot generally be performed by persons other than the third party, the Lessee shall have the right to purchase such Ownership Interest at a price payable in cash that is substantially equal to the fair market value of the consideration to be paid by such third party under those economic terms. The Lessee shall have the right for a period of thirty (30) days from the date of notice to accept or reject such offer. If the offer is accepted

by the Lessee, the purchase of the Ownership Interest will be accomplished in the manner provided in Section 18.3(b). If the offer is rejected or the right to accept thereunder expires, the Lessor may consummate the sale of its Ownership Interest to such third party.

(b) The Lessee may, by written notice delivered to the Lessor at least 120 days prior to the last day of the initial renewal term, if any, purchase any or all Items of Equipment, on an "as-is, where-is" basis, without any recourse, representation or warranty, express or implied from the Lessor, at a price equal to the Fair Market Value (as hereinbelow defined) of the Equipment. Such notice shall be irrevocable and shall specify which Items of the Equipment shall be purchased. Upon payment of the purchase price, the Lessor shall, upon the request by the Lessee, execute and deliver to the Lessee a bill of sale (without recourse, representation or warranties of any kind) for the Items of Equipment purchased which will transfer to the Lessee such title to those Items of Equipment as the Lessor derived from the Lessee, free and clear of all liens, security interests and other encumbrances unrelated to this transaction and arising through the Lessor.

(c) The Fair Market Value or Fair Rental Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's-length transaction between an informed and willing buyer or lessee (other than a person currently in possession) and an informed and willing seller or lessor under no compulsion to sell or lease, which value shall not reflect the value of any additions or improvements which can be readily removed from an Item of Equipment without material damage to such Item of Equipment. If after an Event of Default or ninety (90) days after the receipt by the Lessor of the notice of the Lessee's election to purchase any of the Items of Equipment at the expiration of the initial renewal term or ninety (90) days after receipt by the Lessor of the notice of the Lessee's election to renew this Lease at Fair Rental Value, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value or Fair Rental Value, as the case may be, of the Item or Items of Equipment in question, such value shall be determined in accordance with the foregoing definition by the following appraisal procedure. Each of the Lessor and the Lessee shall choose an independent appraiser. In the event that Lessor and Lessee each appoint appraisers and either of such appraisers fails to deliver an appraisal within thirty (30) days of his or her appointment, such Fair Market Value or Fair Rental Value, as the case may be, shall be deemed to be the amount specified in the appraisal that was so delivered. In the event that Lessor and Lessee each appoint appraisers and the amounts determined to

be such value by such appraisers shall differ by less than five percent of the greater of such two appraisers' appraisals, such Fair Market Value, or Fair Rental Value, as the case may be, shall be deemed to be the average of such two appraisals. In the event that the amounts determined to be such Fair Market Value or Fair Rental Value, as the case may be, by such two appraisers shall differ to a greater extent, such two appraisers shall, within ten (10) days of the delivery of such appraisals, select a third independent appraiser. Upon such selection or appointment, such third appraiser shall deliver an appraisal of such Fair Market Value or the Fair Rental Value, as the case may be, within thirty (30) days of his or her appointment, and Fair Market Value or Fair Rental Value, as the case may be, shall be deemed to be the average of the appraisals rendered by such three appraisers. In the event, however, that the lowest or the highest of the three appraisals, or both, varies by more than ten (10%) percent from the middle appraisal, the appraisal or appraisals so varying shall be disregarded. The expenses and fees of the appraisers shall be borne one-half each by the Lessor and the Lessee unless an Event of Default has occurred and is continuing, in which case all such fees and expenses will be borne by the Lessee.

18.4 Special Purchase Option. Upon not less than ninety (90) days' irrevocable written notice, the Lessee may, purchase all, but not less than all, of the Equipment subject to this Lease and the Other Lease, on the seventh (7th) Anniversary, for an amount per Item of Equipment equal to the Total Cost thereof times the Casualty Factor set forth in Schedule D for October 31, 1995.

18.5 General. Upon payment of the purchase price by the Lessee or its designee of any Item of Equipment pursuant to Section 18.3 or 18.4 hereof, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Item of Equipment as will transfer to the Lessee such title to such Item of Equipment as the Lessor derived from the seller, free and clear of all liens, security interests and other encumbrances unrelated to this transaction and arising through the Lessor.

18.6 Delivery of Equipment. Any Item of Equipment as to which this Lease has not been renewed as provided in Section 18.2 hereof, or which the Lessee has not purchased as provided in Section 18.3 hereof shall be returned to the Lessor at the end of the Basic Term or the renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. REPRESENTATIONS OF THE LESSEE.

The Lessee represents and warrants to the Lessor that the representations and warranties set forth in Schedule E hereto are true and correct on and as of the date hereof.

SECTION 20. DEFINITIONS.

For all purposes of this Lease, the following terms shall have the meanings assigned to them:

"A.A.R." has the meaning specified in Section 7.

"Affiliate" has the meaning specified in Section 11.6.

"Adjusted Implicit Rate" means the rate determined by the following formula:

([R Rate - Constant (expressed as a positive or a negative number)] x 19%) plus Initial Implicit Rate

"Anniversary" means the anniversary date of the Lease Commencement Date.

"Assignment and Assumption Agreement" has the meaning specified in Section 6.1(b).

"B Equipment" means those Items of Equipment listed in Schedule A attached hereto.

"Basic Term" has the meaning specified in Section 3.

"Base Rate" means the interest rate announced, from time to time, by Canadian Imperial Bank of Commerce, New York Agency, as its base rate, or such successor rate that is equivalent thereto.

"Breakage Value" means (i) in years one (1) through seven (7) of the Term, as to any Item of Equipment, the amount determined in accordance with the following formula: (a) the Constant minus the Swap Rate (expressed in basis points) times (b) the Applicable Annual Charge, which for each such year of the Term is as follows:

Year 1	\$8.77
Year 2	\$7.68
Year 3	\$6.58
Year 4	\$5.48
Year 5	\$4.39
Year 6	\$3.29
Year 7	\$2.19

and (ii) in years eight (8) through the expiration of the Term,

as to any Item of Equipment, the amount determined in accordance with the following: (x) in the case of a Casualty Occurrence during any period in the Basic Term where the Eight Year Remaining Term Rental or the Remaining Term Rental is in effect, an amount calculated by (1) subtracting the R Rate determined as of the required date of payment of the Casualty Value relating to such Casualty Occurrence from the effective yield to maturity on the most recently auctioned United States Treasury Note having a maturity date of seven years after the date of its issuance (the "Seven Year Rate") determined as of the date the Lessee makes its lease rate factor election pursuant to Section 2.5, (2) multiplying any positive difference obtained from clause (1) (expressed in basis points) by the amount determined in accordance with clause (i) of Section 11.3 determined as of October 31 of each year remaining in the Basic Term and (3) discounting each result obtained in clause (2) by the R Rate; and (y) in the case of a Casualty Occurrence during any period in the Basic Term where the One Year Rental is in effect, an amount calculated by (A) subtracting the the yield to maturity on the Treasury security having a maturity that most closely corresponds to the unexpired portion of the Term covered by such One Year Lease Rate Rental Factor election (the "One Year T Rate") determined as of the required date of payment of the Casualty Value relating to such Casualty Occurrence from the effective yield to maturity on the most recently auctioned United States Treasury Note having a maturity date of one year after the date of its issuance determined as of the date the Lessee made its One Year Lease Rate Factor election pursuant to Section 2.5, (B) multiplying any positive difference obtained in clause (A) by the amount determined in accordance with clause (i) of Section 11.3 determined as of the required date of payment of the Casualty Value relating to such Casualty Occurrence and (C) discounting the result obtained in clause (B) by the One Year T Rate for the unexpired portion of the Term covered by such One Year Lease Rate Factor.

"Business Day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of New York are authorized or required to close.

"Canadian Use" has the meaning specified in Section 17.3.

"Casualty Occurrence" has the meaning specified in Section 11.2.

"Casualty Value" has the meaning specified in Section 11.3.

"Casualty Factor" means as to any quarterly period the factor set forth in Schedule D.

"Certificate of Acceptance" has the meaning specified in Section 1.2.

"Code" has the meaning specified in Section 2.5(a).

"Constant" has the meaning specified in Section 11.3.

"Default" has the meaning specified in Section 10.2(c).

"Eight Year Remaining Term Lease Rate Factor" means that rate expressed as a percentage of the Total Cost per Item of Equipment for the final thirty-two (32) installments of Rental which, when taken together with the first twenty-eight (28) installments of Rental and discounted at the Adjusted Implicit Rate, yields a result of 100%.

"Eight Year Remaining Term Rental" per Item of Equipment means the Rental determined by multiplying the Total Cost for such Item by the Eight Year Remaining Term Lease Rate Factor.

"Equipment" and "Item of Equipment" each has the meaning specified in the first recital.

"Event of Default" has the meaning specified in Section 14.1.

"Fair Market Value" with respect to any Item of Equipment has the meaning specified in Section 18.3.

"Fair Rental Value" with respect to any Item of Equipment has the meaning specified in Section 14.2 and Section 18.3.

"ICC" has the meaning specified in Section 7.

"Initial Implicit Rate" means that rate certified as such by the Lessor to the Lessee on the Lease Commencement Date.

"Lease Commencement Date" has the meaning specified in Section 1.2.

"Net Economic Return" means the Lessor's fixed weighted average monthly rate of return on assets for the Basic Term after giving effect to its expected investment period and interest income and expense on positive and negative cash balances and aggregate after-tax cash flow computed on the basis of the same methodology and assumptions utilized by the Lessor in determining lease rate factors and Casualty Factors as of the date hereof.

"One Year Lease Rate Factor" means the lease rate factor determined by the Lessor for such one year period which preserves

the Lessor's Net Economic Return and is computed on the basis of the same methodology and fixed assumptions, including, but not limited to, its assumptions on tax rates, depreciation, spread over Treasury security indexes, and Treasury security indexes, both actual and estimated, utilized by the Lessor in determining lease rate factors and Casualty Factors as of the date hereof. Examples of the calculation of such rate are included in the escrow maintained pursuant to Section 2.5 (c) hereof.

"One Year Rental" per Item of Equipment means the Rental determined by multiplying the Total Cost for such per Item by the One Year Lease Rate Factor.

"Operative Agreements" has the meaning specified in Section 6.1(b).

"Other Agreement" has the meaning specified in Section 14.1(h).

"Other Lease" means the Equipment Lease dated even date herewith between CIBC Inc. and the Lessee, as the same may be amended, supplemented or otherwise modified from time to time.

"R Rate" means the per annum yield to maturity values for an actively traded United States Treasury fixed interest rate security with a maturity most closely approximating the then Remaining Term as published by the Wall Street Journal on the Business Day prior to the day such rate is determined.

"Remaining Term" as of any date means the period from and including such date to but excluding the fifteenth Anniversary.

"Remaining Term Lease Rate Factor" means the lease rate factor determined by the Lessor for such Remaining Term which preserves the Lessor's Net Economic Return and is computed on the basis of the same methodology and fixed assumptions, including, but not limited to, its assumptions on tax rates, depreciation and Treasury Security indexes, utilized by the Lessor in determining lease rate factors and Casualty Factors as of the date hereof. Examples of the calculation of such rate are included in the escrow maintained pursuant to Section 2.5(c) hereof.

"Remaining Term Rental" means the Rental determined by multiplying the Total Cost per Item of Equipment by the Remaining Term Lease Rate Factor.

"Rent Payment Date" has the meaning specified in Section 2.2.

"Rental" has the meaning specified in Section 2.1.

"Responsible Officer" has the meaning specified in Section 14.5.

"Swap Rate" has the meaning specified in Section 11.3.

"Tax Agreement" has the meaning specified in Section 6.1(b).

"Tax Indemnitee" has the meaning specified in Section 10.2(a).

"Term" means the Basic Term plus any renewal term exercised pursuant to Section 18.

"Termination Date" has the meaning specified in Section 11.4.

"Termination Notice" has the meaning specified in Section 11.4.

"Total Cost" for an Item of Equipment means the cost for such Item set forth in Schedule C.

"Transaction Expenses" means all reasonable out-of-pocket fees and expenses incurred by the Lessor relating to this Agreement, the other Operative Agreements or the transactions contemplated hereby and thereby, including, without limitation, the fees and disbursements of Mayer, Brown & Platt, special ICC counsel Alvord and Alvord, Canadian counsel, appraisal fees of Kerr Rail Services, Inc., the cost of reproducing and delivering the Operative Agreements and all other out-of-pocket expenses.

SECTION 21. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rental, Casualty Value or other amounts due hereunder or under any other Operative Agreement, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay an amount equal to interest at the rate of 5% per annum over the Base Rate (or the lawful rate, whichever is less) on such overdue amounts for the period of time during which they are overdue or expended and not repaid. All interest payable under this Section or otherwise shall be calculated for the actual number of days elapsed on the basis of a year consisting of 360 days.

SECTION 22. MISCELLANEOUS.

22.1 Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given (i) three Business Days after being deposited in the United States certified mails, first class, postage prepaid, or (ii) one Business Day after being sent by overnight delivery service, or (iii) upon delivery by telex or facsimile transmission, such receipt having been confirmed, in each case addressed as follows:

If to the Lessor: CIBC Leasing Inc.
425 Lexington Avenue
New York, New York 10017
Attention: Vice President - Leasing
Telex No.: TWX7105813467
Facsimile: (212) 856-3898 or
(212) 856-3899

If to the Lessee: Louis Dreyfus Corporation
24 Richmond Hill Avenue
P.O. Box 10117
Stamford, Connecticut 06904-2117
Attention: Transportation Department
Telex No.: 6975459
Facsimile: (203) 351-9798

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

22.2 Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Lessor may, but shall not be obligated to, make advances to perform the same and to take all such action as in the Lessor's opinion may be necessary to obtain such performance. All payments so made by the Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the Lessor upon demand as additional rent hereunder, with interest at the overdue rate as set forth in Section 21 hereof.

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

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

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

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

22.7 Transaction Expenses. If the transactions contemplated hereby and by the other Operative Agreements are consummated, the Lessor shall pay Transaction Expenses, subject to Section 2.5(a) hereof. If such transactions are not consummated, the Lessee shall pay, or reimburse the Lessor for, Transaction Expenses. The Lessee shall pay, or reimburse Lessor for, reasonable expenses, including attorneys' fees, with respect to the enforcement or amendment of this Lease and the other Operative Agreements.

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

CIBC LEASING INC.

[CORPORATE SEAL]

ATTEST:

Mark Colman
~~Assistant~~ Secretary

By [Signature]
Title: VICE PRESIDENT

LOUIS DREYFUS CORPORATION

[CORPORATE SEAL]

ATTEST:

Assistant Secretary

By _____
Title:

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this 28th day of October, 1988, before me personally appeared P. Logquist, to me personally known, who being by me duly sworn, says that he is a Vice President of CIBC LEASING INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Julie Mignano
Notary Public

JULIE MIGNANO
Notary Public, State of New York
No. 41-4741984
Qualified in Queens County
Certificate filed in New York County
Commission Expires Aug. 31, 1989

[NOTARIAL SEAL]

My commission expires:

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this _____ day of _____, 1988, before me personally appeared _____, to me personally known who being by me duly sworn, says the he is a Vice President of LOUIS DREYFUS CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

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

CIBC LEASING INC.

[CORPORATE SEAL]

ATTEST:

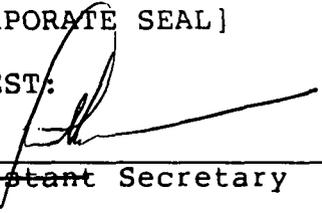
Assistant Secretary

By _____
Title:

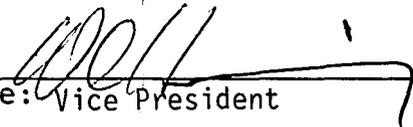
LOUIS DREYFUS CORPORATION

[CORPORATE SEAL]

ATTEST:



Assistant Secretary

By 
Title: Vice President

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this _____ day of _____, 1988, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of CIBC LEASING INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF ^{Connecticut} ~~NEW YORK~~)
)
COUNTY OF ^{Fairfield} ~~NEW YORK~~) SS STAMFORD

On this 28th day of October, 1988, before me personally appeared WILLIAM HARDING, to me personally known who being by me duly sworn, says the he is a Vice President of LOUIS DREYFUS CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public
JOSE J. CABRERA
NOTARY PUBLIC

MY COMMISSION EXPIRES MARCH 31, 1992

[NOTARIAL SEAL]

My commission expires:

SCHEDULE A

B EQUIPMENT

MANUFACTURER'S SERIAL NUMBER	REPORTING MARKS/ CAR NUMBER (as of 10/22/88)	YEAR BUILT
38469	LDCX 20617	1981
38471	LDCX 20618	1981
38472	LDCX 20619	1981
38076	LDCX 20620	1981
38474	LDCX 20621	1981
38077	LDCX 20622	1981
38078	LDCX 20623	1981
38080	LDCX 20624	1981
38081	LDCX 20625	1981
38084	LDCX 20626	1981
38086	LDCX 20627	1981
38087	LDCX 20628	1981
38090	LDCX 20629	1981
38476	LDCX 20630	1981
38545	LDCX 20631	1981
38546	LDCX 20632	1981
38548	LDCX 20633	1981
38549	LDCX 20634	1981
38551	LDCX 20635	1981
38552	LDCX 20636	1981
38553	LDCX 20637	1981
38554	LDCX 20638	1981
38848	LDCX 20639	1981
38557	LDCX 20640	1981
38558	LDCX 20641	1981
38561	LDCX 20642	1981
38562	LDCX 20643	1981
38563	LDCX 20644	1981
38564	LDCX 20645	1981
38566	LDCX 20646	1981
38567	LDCX 20647	1981
38569	LDCX 20648	1981
38575	LDCX 20649	1981
38576	LDCX 20650	1981
38577	LDCX 20651	1981
38578	LDCX 20652	1981
38579	LDCX 20653	1981
38580	LDCX 20654	1981
38583	LDCX 20655	1981
38585	LDCX 20656	1981
38589	LDCX 20657	1981
38591	LDCX 20658	1981
38592	LDCX 20659	1981
38593	LDCX 20660	1981
38595	LDCX 20661	1981
38600	LDCX 20662	1981

TBT EQUIPMENT

MANUFACTURER'S SERIAL NUMBER	REPORTING MARKS/ CAR NUMBER (as of 10/22/88)	YEAR BUILT
38601	LDCX 20663	1981
38602	LDCX 20664	1981
38603	LDCX 20665	1981
38604	LDCX 20666	1981
38605	LDCX 20667	1981
38607	LDCX 20668	1981
38608	LDCX 20669	1981
38612	LDCX 20670	1981
38614	LDCX 20671	1981
38616	LDCX 20672	1981
38617	LDCX 20673	1981
38619	LDCX 20674	1981
38620	LDCX 20675	1981
38621	LDCX 20676	1981
38623	LDCX 20677	1981
38625	LDCX 20678	1981
38627	LDCX 20679	1981
38628	LDCX 20680	1981
38629	LDCX 20681	1981
38631	LDCX 20682	1981
38641	LDCX 20683	1981
38091	LDCX 20684	1981
38092	LDCX 20685	1981
38477	LDCX 20686	1981
38478	LDCX 20687	1981
38481	LDCX 20688	1981
38482	LDCX 20689	1981
38485	LDCX 20690	1981
38486	LDCX 20691	1981
38489	LDCX 20692	1981
38491	LDCX 20693	1981
38492	LDCX 20694	1981
38493	LDCX 20695	1981
38495	LDCX 20696	1981
38496	LDCX 20697	1981
38497	LDCX 20698	1981
38501	LDCX 20699	1981
38502	LDCX 20700	1981
38503	LDCX 20701	1981
38508	LDCX 20702	1981
38509	LDCX 20703	1981
38522	LDCX 20704	1981
38528	LDCX 20705	1981
38529	LDCX 20706	1981
38530	LDCX 20707	1981
38535	LDCX 20708	1981

TBT EQUIPMENT

MANUFACTURER'S SERIAL NUMBER	REPORTING MARKS/ CAR NUMBER (as of 10/22/88)	YEAR BUILT
38540	LDCX 20709	1981
38542	LDCX 20710	1981
39105	LDCX 20872	1981
39112	LDCX 20873	1981
39174	LDCX 20874	1981
39108	LDCX 20875	1981
39167	LDCX 20876	1981
39010	LDCX 20878	1981
39223	LDCX 20879	1981
39223	LDCX 20880	1981
39227	LDCX 20881	1981
39013	LDCX 20882	1981
39014	LDCX 20883	1981
39017	LDCX 20884	1981
39018	LDCX 20885	1981
39019	LDCX 20886	1981
39021	LDCX 20887	1981
39022	LDCX 20888	1981
39024	LDCX 20889	1981
39026	LDCX 20890	1981
39028	LDCX 20891	1981
39030	LDCX 20892	1981
39036	LDCX 20893	1981
39038	LDCX 20894	1981
39040	LDCX 20895	1981
39041	LDCX 20896	1981
39042	LDCX 20897	1981
39044	LDCX 20898	1981
39045	LDCX 20899	1981
39046	LDCX 20900	1981
39049	LDCX 20901	1981
39050	LDCX 20902	1981
39052	LDCX 20903	1981
39054	LDCX 20904	1981
39057	LDCX 20905	1981
39058	LDCX 20906	1981
39060	LDCX 20907	1981
39061	LDCX 20908	1981
39064	LDCX 20909	1981
39068	LDCX 20910	1981
39069	LDCX 20911	1981
39072	LDCX 20912	1981
39074	LDCX 20913	1981
39075	LDCX 20914	1981
39080	LDCX 20915	1981
39083	LDCX 20916	1981

TBT EQUIPMENT

MANUFACTURER'S SERIAL NUMBER	REPORTING MARKS/ CAR NUMBER (as of 10/22/88)	YEAR BUILT
39084	LDCX 20917	1981
39086	LDCX 20918	1981
39090	LDCX 20919	1981
39095	LDCX 20920	1981
39096	LDCX 20921	1981
39097	LDCX 20922	1981
39098	LDCX 20923	1981
39100	LDCX 20924	1981
39101	LDCX 20925	1981
39106	LDCX 20926	1981
39107	LDCX 20927	1981
39117	LDCX 20928	1981
39119	LDCX 20929	1981
39120	LDCX 20930	1981
39122	LDCX 20931	1981
39281	LDCX 20932	1981
39126	LDCX 20933	1981
39127	LDCX 20934	1981
39136	LDCX 20935	1981
39138	LDCX 20936	1981
39139	LDCX 20937	1981
39161	LDCX 20938	1981
39144	LDCX 20939	1981
39146	LDCX 20940	1981
39147	LDCX 20941	1981
39148	LDCX 20942	1981
39151	LDCX 20943	1981
39155	LDCX 20944	1981
39157	LDCX 20945	1981
39164	LDCX 20946	1981
39165	LDCX 20947	1981
39168	LDCX 20948	1981
39171	LDCX 20949	1981
39173	LDCX 20950	1981
39190	LDCX 20951	1981
39193	LDCX 20952	1981
39194	LDCX 20953	1981
39196	LDCX 20954	1981
39197	LDCX 20955	1981
39198	LDCX 20956	1981
39230	LDCX 20957	1981
39234	LDCX 20958	1981
39237	LDCX 20959	1981
39239	LDCX 20960	1981
39240	LDCX 20961	1981
39241	LDCX 20962	1981

TBT EQUIPMENT

MANUFACTURER'S SERIAL NUMBER	REPORTING MARKS/ CAR NUMBER (as of 10/22/88)	YEAR BUILT
39247	LDCX 20964	1981
39248	LDCX 20965	1981
39249	LDCX 20966	1981
39251	LDCX 20967	1981
39253	LDCX 20968	1981
39292	LDCX 20971	1981
39303	LDCX 20972	1981
39304	LDCX 20977	1981
39312	LDCX 20982	1981
39295	LDCX 20983	1981
39313	LDCX 20992	1981
39319	LDCX 20993	1981
39322	LDCX 20994	1981
39324	LDCX 20996	1981
39802	LDCX 20997	1981

SCHEDULE B
(to Equipment Lease)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: CIBC LEASING INC.
425 Lexington Avenue
New York, New York 10017

I, a duly appointed and authorized representative of LOUIS DREYFUS CORPORATION (the "Lessee") under the Equipment Lease dated as of October 31, 1988 between the Lessor and the Lessee, do hereby certify that the Lessee has accepted delivery under the Lease of the following Items of Equipment described in Schedule A hereto in accordance with the terms of such Lease.

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

Dated: _____, 1988.

Authorized Representative
of Louis Dreyfus Corporation

SCHEDULE C
(to Equipment Lease)

SCHEDULE OF RENTAL

B Equipment

<u>Description</u>	<u>Total Cost/Item of Equipment</u>	<u>Lease Rate Factor</u>
199 cars built in 1981	\$30,000	2.927909

SCHEDULE D
(to Equipment Lease)

SCHEDULE OF CASUALTY FACTORS

*The Casualty Factor for an Item of Equipment shall mean the percent of the Total Cost of such Item set forth opposite such date in the following schedule:

<u>Date</u>	<u>%</u>	<u>Date</u>	<u>%</u>
10/31/88	101.146028	10/31/96	80.152863
1/31/89	101.589604	1/31/97	88.649364
4/30/89	101.420939	4/30/97	87.089137
7/31/89	101.409982	7/31/97	85.469040
10/31/89	101.467137	10/31/97	83.786556
1/31/90	101.499651	1/31/98	82.040053
4/30/90	101.514889	4/30/98	80.228413
7/31/90	101.509136	7/31/98	78.349250
10/31/90	101.481533	10/31/98	76.400077
1/31/91	101.430830	1/31/99	74.378951
4/30/91	101.359355	4/30/99	72.285921
7/31/91	101.265296	7/31/99	70.119479
10/31/91	101.147630	10/31/99	67.978864
1/31/92	101.005119	1/31/00	65.556660
4/30/92	100.839397	4/30/00	63.154870
7/31/92	100.650068	7/31/00	60.670016
10/31/92	100.434529	10/31/00	58.099173
1/31/93	100.192101	1/31/01	55.441174
4/30/93	99.924289	4/30/01	52.689112
7/31/93	99.629179	7/31/01	49.841471
10/31/93	99.305633	10/31/01	46.895927
1/31/94	98.952588	1/31/02	43.845738
4/30/94	98.570598	4/30/02	40.717043
7/31/94	98.157895	7/31/02	37.512364
10/31/94	97.713349	10/31/02	34.225747
1/31/95	97.236027	1/31/03	30.850659
4/30/95	96.727495	4/30/03	27.463695
7/31/95	96.186397	7/31/03	24.057449
10/31/95	95.609272	10/31/03	20.000000
1/31/96	94.924621		
4/30/96	92.988111		
7/31/96	91.598297		

*Casualty Factor does not include any amounts for which any Tax Indemnitee (as defined in Section 10.2 of the Lease) may be entitled to indemnification under Sections 6 and/or 10.2 (for reasons other than a Casualty Occurrence) of the Lease.

SCHEDULE E
(to Equipment Lease)

REPRESENTATIONS AND WARRANTIES
OF
LOUIS DREYFUS CORPORATION

1. Corporate Organization and Authority. Each of the Lessee and its subsidiaries is a corporation duly organized, legally existing and in good standing under the laws of the state of its incorporation and each has all requisite power and authority and all necessary material licenses and permits to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted; and the Lessee will be duly qualified and authorized to do business and in good standing as a foreign corporation in each jurisdiction where the failure to so qualify would have a material adverse effect on the business or the financial condition of the Lessee.
2. Agreements Valid and Binding. The Lessee has full corporate power and authority to enter into and perform the Operative Agreements; the execution and delivery of the Operative Agreements by the officers executing and delivering the same have been duly authorized by the Lessee; and the Operative Agreements have been duly executed and delivered and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Lessee enforceable in accordance with their respective terms.
3. No Violation. The execution and performance of the Operative Agreements by the Lessee do not and will not violate any provisions of any presently existing law or any presently existing order of any court or governmental authority or agency and do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws of the Lessee or any presently existing indenture or other agreement or instrument to which the Lessee is a party or by which it may be bound or result in the imposition of any liens or encumbrances on the Equipment (other than pursuant to the Operative Agreements).
4. Governmental Approvals. No approval, consent or withholding of objection on the part of any governmental body or agency, Federal, state or local, is necessary in connection with the execution and delivery by the Lessee of the Operative Agreements or compliance by the Lessee with any of the provisions of said instruments.
5. Pending Litigation. There are no actions at law or in equity pending or, to the knowledge of the Lessee, threatened, which might result in any material adverse change in the Lessee's

ability to carry out its obligations under the Operative Agreements; and there are no proceedings pending or, to the knowledge of the Lessee, threatened, against the Lessee by any Federal or state board or other administrative authority or agency which might result in any material adverse change in the Lessee's ability to carry out its obligations under the Operative Agreements.

6. No Existing Defaults under the Lease, etc. No Default or Event of Default has occurred and is continuing. The Lessee is not in default in the payment of principal or interest on any indebtedness for borrowed money and is not in default under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been issued, and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

7. Financial Statements. (a) The consolidated balance sheet of the Lessee and its subsidiaries as of May 31, 1988 and the consolidated statements of income and shareholders' equity and changes in financial position for the fiscal year ended on said date accompanied by a report thereon containing an opinion unqualified as to scope limitations imposed by the Lessee and otherwise without qualification by Ernst & Whinney, have been prepared in accordance with generally accepted accounting principles consistently applied and, except as therein noted, present fairly the financial position of the Lessee and its subsidiaries as of such dates and the results of their operations and changes in their financial position for the periods then ended.

(b) Since May 31, 1988, there has been no change in the consolidated financial condition or operations of the Lessee and its subsidiaries as shown on the balance sheet and income statement for the period ending as of such date, except changes in the ordinary course of business, none of which individually or in the aggregate has been materially adverse.

8. Title. Except as otherwise disclosed in the Operative Agreements or a Schedule or Exhibit thereto, no mortgage, deed of trust or other lien of any nature whatsoever, which covers or affects any property or interest therein of the Lessee, attaches to the Equipment or in any manner affects or will affect adversely the right, title and interest of the Lessor therein.

SCHEDULE D
(to Equipment Lease)

SCHEDULE OF CASUALTY FACTORS

*The Casualty Factor for an Item of Equipment shall mean the perc of the Total Cost of such Item set forth opposite such date in the followin schedule:

<u>Date</u>	<u>%</u>	<u>Date</u>	<u>%</u>
-------------	----------	-------------	----------

*Casualty Factor does not include any amounts for which any Tax Indemnatee defined in Section 10.2 of the Lease) may be entitled to indemnification un Sections 6 and/or 10.2 (for reasons other than a Casualty Occurrence) of th Lease.