CRAVATH, SWAINE & MOORE

ALLEN F MAULSBY
STEWARD R BROSS JR
JOHN R HUPPER
SAMUEL C BUTLER
BENJAMIN F CRANE
JOHN F HUNT
GEORGE J GILLESPIE III
THOMAS D BARR
MELVIN L BEDRICK
GEORGE T LOWY
ROBERT ROSENMAN
ALAN J HRUSKA
JOHN E YOUNG
JAMES M EDWARDS
DAVID G ORMSBY
DAVID L SCHWARTZ
RICHARD J HIEGEL
FREDERICK A O SCHWARZ, JR
CHRISTINE BESHAR
ROBERT S RIFKIND
DAVID BOIES
DAVID O BROWNWOOD
PAUL M DODYK
RICHARD M ALLEN
THOMAS R BROME
ROBERT D JOFFE
ROBERT F MULLEN
HERBERT L CAMP
ALLEN FINKELSON
RONALD S ROLFE
JOSEPH R SAHID
PAUL C SAUNDERS

MARTIN L SENZEL
DOUGLAS D BROADWATER
JOSEPH A MULLINS
MAX R SHULMAN
STUART W GOLD
JOHN W WHITE
JOHN E BEERBOWER
EVAN R CHESLER
PATRICIA GEOGHEGAN
D COLLIER KIRKHAM
MICHAEL L SCHLER
DANIEL P CUNNINGHAM
KRIS F HEINZELMAN
B ROBBINS KIESSLING
ROGER D TURNER
PHILIP A GELSTON
RORY O MILLSON
NEIL P WESTREICH
FRANCIS P BARRON
RICHARD W CLARY
WILLIAM P ROGERS, JR
JAMES D COOPER
STEPHEN L GORDON
ROBERT A KINDLER
DANIEL L MOSLEY
GREGORY M SHAW
PETER S WILSON
JAMES C VARDELL, III
ROBERT H BARON
KEVIN J GREHAN
W CLAYTON JOHNSON
STEPHEN S MADSEN

WORLDWIDE PLAZA
825 EIGHTH AVENUE
NEW YORK, N. Y. 10019

TELEPHONE (212) 474-1000
FACSIMILE (212) 474-3700

WRITER'S DIRECT DIAL NUMBER

(212) 474-1486

33 KING WILLIAM STREET
LONDON EC4R 9DU ENGLAND
TELEPHONE 1-606-1421
FACSIMILE 1-860-1150

RECORDATION NO 16494 A FILED 1425
AUG 28 1989 -3 45 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO 16494 B FILED 1425
AUG 28 1989 -3 45 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO 16494 C FILED 1425
AUG 28 1989 -3 45 PM
INTERSTATE COMMERCE COMMISSION

9-240A032

August 28, 1989

Trailer Train Company
Lease Financing Dated as of August 1, 1989
9.48% Conditional Sale Indebtedness Due December 15, 2009

Dear Ms. McGee:

Pursuant to 49 U.S.C. 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Trailer Train Company, for filing and recordation, counterparts of each of the following documents:

1. (a) Conditional Sale Agreement dated as of August 1, 1989, among Trailer Train Company, Bethlehem Steel Corporation, Trinity Industries, Inc., Thrall Car Manufacturing Company, as Sellers, and The Connecticut National Bank, as Trustee; and

(b) Agreement and Assignment dated as of August 1, 1989, among Trailer Train Company, Bethlehem Steel Corporation, Trinity Industries, Inc., Thrall Car Manufacturing Company, as Sellers, and Mercantile-Safe Deposit and Trust Company, as Agent.

2. (a) Lease of Railroad Equipment dated as of August 1, 1989, between Trailer Train Company, as Lessee, and The Connecticut National Bank, as Trustee; and

(b) Assignment of Lease and Agreement dated as of August 1, 1989, between The Connecticut National Bank, as Trustee, and Mercantile-Safe Deposit and Trust Company, as Agent.

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

1. Agent:

   Mercantile-Safe Deposit and Trust Company
   Two Hopkins Plaza
   Baltimore, Maryland 21203

2. Trustee:

   The Connecticut National Bank
   777 Main Street
   Hartford, Connecticut 06115

3. Lessee:

   Trailer Train Company
   101 North Wacker Drive
   Chicago, Illinois 60606

4. Sellers:

   Trailer Train Company
   101 North Wacker Drive
   Chicago, Illinois 60606

   Bethlehem Steel Car Corporation
   Freight Car Division
   17 Johns Street
   Johnstown, Pennsylvania 15901

   Thrall Car Manufacturing Company
   26th and State Streets
   Chicago Heights, Illinois 60411

   Trinity Industries, Inc.
   2525 Stemmons Freeway
   Dallas, Texas 75207

Please file and record the documents referred to in this letter and index them under the names of the Agent, the Trustee, the Lessee and the Sellers.

The equipment covered by the aforementioned documents is listed on Exhibit A attached hereto.

The equipment bears the legend "Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission".

There is also enclosed a check for $26.00 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document), and the Lease of Railroad Equipment and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments and this transmittal letter for your files. It is requested that the remaining counterparts of the documents be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
as Agent for Trailer Train
Company

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

AMERITRUST

TRAILER TRAIN COMPANY

ANNEX B TO THE CONDITIONAL SALE AGREEMENT

Builder/Car Type	Contract No.	Quantity Cars	Quantity Platforms	Car Numbers (Inclusive)	Estimated Cost Per Car	Total Cost	Estimated Delivery Period
Trinity Industries Inc.:							
Single-platform Front-Runner flatcars with single-axle trucks for carrying trailers - TTOX	T-1088-P	494	494	145601 - 146094	$ 30,933	$ 15,280,902**	Jan. - June, 1989
* Five-platform articulated Spine flatcars for carrying containers - NTTX	T-4088-P	34	170	66106 - 66139	110,018	3,740,612**	Jan. - Apr., 1989
* Five-platform articulated all-purpose Spine flatcars with retractable hitches for carrying trailers or containers - TTAX	T-1089-P	33	165	76012 - 76044	144,077	4,754,541**	Sept. - Oct., 1989
Thrall Car Manufacturing Co.:							
Five-platform articulated trailer cars - TTLX	T-5088-T	63	315	60400 - 60454 60562 - 60569	128,200	8,076,600	July - Sept., 1989
Bethlehem Steel Corp:							
*Five-platform articulated all-purpose Spine flatcars with retractable hitches for carrying trailers or containers - TTAX	T-5088-B	98	490	78081 - 78178	135,050	13,234,900	Sept. - Oct., 1989
Total		722	1,634			$ 45,087,555	

*Not subject to the cushioning requirements of the AAR interchange rules.
*F.O.B. Trinity Plant.

8/21/89

Exhibit A

Interstate Commerce Commission
Washington, D.C. 20423

8/28/89

OFFICE OF THE SECRETARY

Laurance V. Goodrich
Cravath, Swaine & Moore
Worldwide Plaza
825 Eightn Avenue
New Yoek, N.Y. 10019

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 8/28/89 at 3:45pm and assigned recordation number(s). 16494,16494-A, 16494-B & 16494-C

16495,
16495-A
16495-B
16495-C

Sincerely yours,

Noreta R. McGee

Noreta R. McGee
Secretary

Enclosure(s)

CERTIFICATE OF TRUE COPY

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

I, Laurance V. Goodrich, a member of the Bar of the State of New York, do hereby certify that I have compared the attached copies of the attached documents with an executed original counterpart thereof and find the said attached copies to be in all respects true, correct and complete copies of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his signature this 28th day of August, 1989.

Laurance V. Goodrich

Laurance V. Goodrich

Subscribed and sworn to before me this 28th day of August, 1989.

Caryn W. Sherman

Notary Public

My Commission expires:

CARYN W. SHERMAN
Notary Public, State of New York
No. 31-4633991
Qualified in New York County
Commission Expires August 31, 1990

[CS&M Ref: 4020-138]

CONDITIONAL SALE AGREEMENT

(A)

RECORDATION NO 16494 FILED 1425
AUG 28 1989 -3 45 PM
INTERSTATE COMMERCE COMMISSION

Dated as of August 1, 1989

among

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as Trustee for the Owner,

TRAILER TRAIN COMPANY,

BETHLEHEM STEEL CORPORATION,
TRINITY INDUSTRIES, INC.

AND

THRALL CAR MANUFACTURING COMPANY

Conditional Sale Agreement

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* This Table of Contents has been included in this document for convenience only and does not form a part of or affect any construction or interpretation of this document.

CONDITIONAL SALE AGREEMENT dated as of August 1, 1989, among THE CONNECTICUT NATIONAL BANK, acting not in its individual capacity but solely as Trustee (together with its successors and assigns, "Trustee") acting under a Trust Agreement dated as of the date hereof ("Trust Agreement") with the OWNER NAMED IN Item 6 of Annex A hereto ("Owner"), and TRAILER TRAIN COMPANY, a Delaware corporation, Bethlehem Steel Corporation, a Delaware corporation, Trinity Industries, Inc., a Delaware corporation and Thrall Car Manufacturing Company, a Delaware corporation (collectively "Sellers" or severally "Seller". The last three corporations are hereinafter sometimes referred to as "Manufacturers" or a "Manufacturer").

WHEREAS each Seller severally agrees to sell and deliver to the Trustee, and the Trustee agrees to purchase, the railroad equipment of such Seller described in Annex B hereto which is delivered and accepted hereunder (collectively, "Equipment");

WHEREAS the Trustee is entering into a lease of the Equipment with Trailer Train Company (in such capacity, "Lessee") in substantially the form annexed hereto as Annex C ("Lease");

WHEREAS Mercantile-Safe Deposit and Trust Company ("Assignee" or "Vendor") is acting as agent for certain investors ("Investors") pursuant to the Participation Agreement dated as of the date hereof ("Participation Agreement"), among the Assignee, the Lessee, the Owner, the Trustee and the Investors; and

WHEREAS the parties intend that terms of this Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns and, as such, the capitalized terms used herein to define each of the parties shall also refer to the parties' respective successors and assigns, and the capitalized terms used herein to define each of the Documents shall refer to each of such Documents as they may be modified, amended or supplemented from time to time.

(or, in the case of each Investor, its successors and registered assigns)

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1

Assignment

(a) The parties hereto contemplate that the Trustee will furnish that portion of the Purchase Price (as defined in Article 4 hereof) of the Equipment as is required under subparagraph (i) of Article 4(c) hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Sellers by the Assignee pursuant to an Agreement and Assignment ("CSA Assignment") dated as of the date hereof between the Sellers and the Assignee, as agent.

(b) The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, each Seller, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights; and the term "Seller", whenever used in this Agreement, means, both before and after any such assignment, each Seller.

(c) In case of such assignment, the Trustee will assign to the Vendor, as security for the payment and performance of all the Trustee's obligations hereunder, substantially all right, title and interest of the Trustee in and to the Lease pursuant to an Assignment of Lease and Agreement in substantially the form of Annex D hereto ("Lease Assignment") and the Lessee shall consent thereto pursuant to a Consent and Agreement in substantially the form attached to Annex D ("Consent").

ARTICLE 2

Construction and Sale

Pursuant to this Agreement, each Seller shall sell and deliver its Equipment to the Trustee, and the Trustee will purchase from such Seller and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing among such Seller, the Owner, the Trustee

and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, required by the Association of American Railroads (except as otherwise provided in Annex B hereto) reasonably interpreted as then being applicable to each such unit of Equipment.

ARTICLE 3

Inspection and Delivery

(a) Each Seller will deliver its units of Equipment to the Trustee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Trustee), freight, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303; and provided further, that no Seller shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (d) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or any event which, with the lapse of time and/or demand, could constitute such an event of default ("Default"). Each Seller agrees not to deliver any unit of its Equipment hereunder (a) until it receives notice from the Assignee and the Trustee, respectively, that the conditions contained in Sections 7 and 8, respectively, of the Participation Agreement have been met or waived and (b) following receipt of written notice from the Trustee or the Assignee of the commencement of any such proceedings or the occurrence of any such Default, as aforesaid, until such time as such written notice may be canceled by a further written notice.

(b) Notwithstanding paragraph (c) below, any Equipment not delivered as a result of paragraph (a) of this Article 3, and any Equipment not delivered and accepted hereunder on or prior to December 29, 1989, by reason of failure of condition as provided in said paragraph (a) or causes set forth in said paragraph (c) or otherwise, shall

be excluded from this Agreement, and the Trustee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such excluded Equipment, and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 thereof, from the appropriate Seller as provided in Paragraph 1 of the Participation Agreement.

(c) Each Seller's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond such Seller's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors. The occurrence of any of the foregoing shall not extend the final date for the delivery and acceptance of any Equipment as specified above.

(d) The Equipment shall be subject to inspection and approval by the authorized inspectors of the Trustee (who pursuant to Section 2.01 of the Lease will be employees or agents of the Lessee) and each Manufacturer shall grant to such authorized inspectors reasonable access to its Equipment. Each Manufacturer will inspect the materials used in the construction of its Equipment in accordance with the standard quality control practices of such Manufacturer. Each unit shall be presented to an inspector of the Trustee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Trustee (who may be an employee of the Lessee) shall execute and deliver to the appropriate Seller a certificate of acceptance ("Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Trustee and are marked in accordance with Article 9 hereof; provided, however, that such Manufacturer shall not thereby be relieved of its warranties referred to in Article 13 hereof. Pursuant to Section 2.01 of the Lease, the Lessee has agreed not to accept any Units thereunder or under the CSA after it has actual knowledge of an Event of Default under the Lease or of an event which with the lapse of time or giving of notice or both would constitute an Event of Default of the Lease.

(e) On delivery and acceptance as aforesaid of each such unit of its Equipment at the place specified for delivery, the Seller shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Manufacturer shall not thereby be relieved of its warranties referred to in Article 13 hereof.

(f) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Trustee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Trustee any legal or beneficial right or interest in such unit or (except as provided in of Article 4(a) hereof) to impose on the Trustee any liability, obligation or responsibility with respect thereto.

ARTICLE 4

Purchase Price and Payment

(a) The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the appropriate Seller, the Trustee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in such Seller's invoice or invoices delivered to the Trustee (which shall include any applicable freight charges and sales taxes) and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Trustee (such invoice or invoices being hereinafter called "Invoices"). If on the date of delivery and acceptance of any unit or units of Equipment hereunder, the aggregate Purchase Price of such unit or units and all units theretofore delivered and accepted hereunder would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Owner may at its option agree to prior to delivery of any unit or units of such Equipment that, but for such agreement, would be excluded from this Agreement), the appropriate Seller (and any assignee of such Seller, including, if applicable, the Agent) and the Trustee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Trustee, as will, after giving effect

to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than such Maximum Purchase Price (or such higher amount as aforesaid) and the Trustee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Seller or the Lessee for the purpose of acknowledging and perfecting the respective interests of such Seller and the Lessee in any unit of Equipment so excluded, and the Trustee shall have no further obligation or liability in respect of units so excluded.

(b) The Equipment shall be settled for in such number of groups of units of Equipment delivered to and accepted by the Trustee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called "Group"). The term "Closing Date" with respect to any Group shall mean such date (not earlier than August 28, 1989, and not later than December 29, 1989, such later date being herein called the "Cut-Off Date"), occurring not more than five business days following presentation by the appropriate Seller to the Trustee of the Invoices and of the Certificate or Certificates of Acceptance for such Equipment and written notice thereof by the Seller to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Trustee and the Assignee at least four business days prior to the Closing Date designated therein. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, New York, New York, Cleveland, Ohio, or the city and state in which the Trustee maintains its principal place of business are authorized or obligated to remain closed. The closing on each Closing Date shall take place at the offices of Cravath, Swaine & Moore, New York, New York.

(c) Subject to the terms and conditions hereof and of the Participation Agreement, the Trustee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby agrees to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(i) on the Closing Date with respect to each Group (A) an amount equal to 23% of the per unit Purchase Price of the units in such Group plus (B) if the Owner exercises its option pursuant to paragraph (a) of this Article 4, the amount, if any, by which (x) 77% of the Purchase Price of the Equipment for which settlement has theretofore and is then being made, as set forth in

the Invoice or Invoices therefor (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 5 of Annex A and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this clause (B); and

(ii) in installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (i) of this paragraph.

(d) The portion of the Purchase Price payable pursuant to subparagraph (ii) of the preceding paragraph ("CSA Indebtedness") shall be payable in the installments and on the dates shown in Schedule I hereto commencing June 15, 1991, to and including December 15, 2009 (or if any such date is not a business day, on the next succeeding business day). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 9.48% per annum. Such interest shall be payable, to the extent accrued, on February 14, 1990, and thereafter on each June 15, and December 15 to and including December 15, 2009. The installments of principal payable on each payment date shall be calculated so that the amount and allocation of principal and interest payable on each payment date shall be substantially in proportion to the amount and allocation of principal and interest on such payment date set forth in Schedule I hereto and the aggregate of such installments of principal will completely amortize the remaining CSA Indebtedness. The Vendor will furnish to the Trustee and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by any such party, showing the respective amounts of principal and interest payable on each Payment Date.

(e) Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months except that interest payable on the first interest payment date hereunder shall be calculated on the basis of a year of 365 days.

(f) The Trustee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid in respect of the Equipment after the same shall have become

due and payable pursuant to the terms hereof at a rate 1% higher than the rate applicable to timely payments.

(g) All payments provided for in this Agreement shall be made in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. If any date for a payment hereunder is not a business day, the payment otherwise payable on such date shall then be payable on the following business day, and no interest shall be payable for the period from and after the scheduled date for payment thereof to such following business day. Except as provided in Article 7 hereof, the Trustee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

(h) Notwithstanding any other provisions of this Agreement, including, without limitation, Articles 15 and 16 hereof but without limiting the effect of Article 21 hereof, it is understood and agreed by the Vendor that the liability of the Trustee for all payments to be made by it under and pursuant to this Agreement in respect of the Equipment and for all performance obligations (other than the payments called for by subparagraph (i) of paragraph (c) of this Article and as provided in the proviso to paragraph (c) of Article 12 hereof) under and pursuant to this Agreement in respect of the Equipment, shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if an event of default shall have occurred under Article 15 hereof and while it shall be continuing so much of the following amounts as are indefeasibly received by the Trustee (or any assignee of the Trustee) at any time after any such event of default and during the continuance thereof: (a) all amounts of rental payable pursuant to the Lease and all amounts in respect of Casualty Occurrences paid for or with respect to the Equipment pursuant to the Lease and (b) any and all other payments or proceeds received pursuant to the Lease (except sums which by the express terms of the Lease are payable directly to the Owner or the Trustee pursuant to Sections 6, 9 and 18 of the Lease) or for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Trustee

pursuant to the Lease as are indefeasibly received by the Trustee or any assignee of the Trustee and as shall equal the portion of the CSA Indebtedness due and payable on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences and Terminations) then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Trustee or any assignee of the Trustee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness and/or interest thereon due and payable by the Trustee on the date on which amounts received by the Trustee or any assignee of the Trustee were required to be paid pursuant to the Lease or which exceeded any other payments including payments in respect of Casualty Occurrences and Terminations and payable under this Agreement at the time such amounts were payable under the Lease. The Vendor agrees that if it obtains a judgment against the Trustee for an amount in excess of the amounts payable by the Trustee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount (and, if legally permitted, will cause the docket to reflect the limitations on its right to execute under such judgment), it will not bring suit against the Trustee for any sums in addition to the amounts payable by the Trustee pursuant to said limitations (or obtain a judgment, order or decree against the Trustee for any relief other than the payment of money) except as may be required by applicable rules of procedure to enforce against the Equipment, the Lessee and the Lease (rather than against the Trustee personally), by appropriate proceedings against the Trustee at law or in equity or otherwise, the obligation to make the payments to be made pursuant to this Agreement or any other payments or performance obligations due to the Vendor under this Agreement and it will not seek any deficiency judgment after completion of execution. Nothing contained herein limiting the liability of the Trustee shall derogate from the right of the Vendor to proceed against the Equipment or the Lessee as provided for herein or in the Lease or the Consent for the full unpaid Purchase Price of the Equipment and interest thereon and any and all other payments and obligations under this Agreement.

ARTICLE 5

Security Interest in the Equipment

(a) The Vendor shall and hereby does retain a security interest in the Equipment until the Trustee shall have made all its payments under this Agreement notwithstanding any provision of this Agreement limiting the liability of the Trustee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Trustee and the Lessee as provided in this Agreement and the Lease; it being understood that, subject thereto, title to the Equipment (upon delivery and acceptance thereof) shall pass to and remain in the Trustee. Accordingly, after all payments due or to become due hereunder in respect of the Equipment shall have been completed and fully made to or for the account of the Vendor, (a) such payments shall be deemed to represent the discharge in full of the Vendor's security interest in the Equipment at such time, (b) any moneys remaining in the hands of the Vendor after providing for all outstanding amounts due and payable hereunder shall be paid to the Trustee, and (c) this agreement shall terminate as to the Vendor and the Vendor shall execute for record in public offices such instrument or instruments in writing as shall be reasonably requested by the Trustee in order to discharge of record the security interest of the Vendor in, and to make clear upon public records the Trustee's unencumbered title to, the units of the Equipment under the laws of any jurisdiction; provided, however, that until that time a security interest in the Equipment shall be and remain in the Vendor, notwithstanding the possession and use thereof by the Trustee pursuant to the terms of this Agreement.

(b) The Trustee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeiture or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificates within a reasonable time after written demand by the Trustee.

(c) The term "Equipment" as used in this Agreement shall not include any special devices, racks

(including, but not limited to, automobile-carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Trustee. The Trustee and the Vendor recognize that such special devices, automobile-carrying superstructures and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Trustee or the Lessee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, automobile-carrying superstructures and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Trustee, the Vendor and the Lessee, remove such special devices, automobile-carrying superstructures and other assemblies from the Equipment.

ARTICLE 6

Taxes

(a) Whether or not any of the transactions contemplated hereby are consummated, the Trustee agrees to pay, and to indemnify and hold harmless the Vendor, the Investors and their respective successors, assigns, agents and servants (the "Indemnified Persons") on an after-tax basis from all Taxes (as defined in Section 6 of the Lease) excluding, however: (i) any Taxes (other than sales or use taxes) of the United States or of any state or political subdivision thereof, or of any foreign jurisdiction or of any subdivision thereof, imposed on or measured by gross receipts, gross or net income (including, without limitation, withholding taxes on gross income, capital gains taxes, alternative minimum taxes and taxes measured by tax preference items) excess profits of such Indemnified Person, or Taxes on or measured by capital, intangibles, stock value or net worth or other status of such Indemnified Person, in the case of franchise or doing business taxes; provided, however, that the provisions of the foregoing clause (i) shall not be interpreted to limit the Trustee's obligation to pay any amount hereunder on an after-tax basis; (ii) any such Taxes imposed on or measured by any fees or compensation received by the Indemnified Person; (iii) any Taxes (other than sales or use taxes) which are imposed on or measured by the gross receipts, gross or net income of the Indemnified Person if and to the extent that

or Termination or (v) any involuntary transfer or involuntary disposition of any such interests (i) resulting from the bankrupt of the Indemnified Person or (ii) resulting directly from events unrelated to the transactions contemplated by the Documents

such Taxes are specifically in substitution for or are specifically designed to reduce the Taxes payable by such Indemnified Person which the Trustee has not agreed to pay or indemnify against pursuant to this Article 6; (iv) any taxes imposed on the Indemnified Person resulting from the gross negligence or willful misconduct of such Indemnified Person; (v) any Taxes imposed as a result of (x) any voluntary transfer or voluntary disposition by such Indemnified Person (including a taxable transfer under Section 338 of the Code, if applicable) of any interest in the CSA, the Lease, any unit of Equipment or any of such Indemnified Person's rights or obligations under the Documents, in each case other than (i) pursuant to the exercise of any remedies in connection with any Event of Default under the Lease, or (y) in connection with a Casualty Occurrence; (vi) any Taxes imposed with respect to events occurring or matters arising after the later of (a) the satisfaction of the CSA Indebtedness, or (b) the expiration or earlier termination of the term of the CSA, except to the extent directly attributable to a failure of the Trustee to fully discharge its obligations under the CSA; (vii) any Taxes which are included in the Purchase Price, provided that such Taxes have been remitted to the proper taxing authorities; (viii) any Taxes which are imposed on any Indemnified Person to the extent resulting directly from the failure to perform any requirement imposed with respect to any return otherwise required to be filed by any such Indemnified Person (or any of its Affiliates) without regard to the transactions contemplated by the Documents, in connection with the preparation or filing of tax returns, the payment of its Taxes or the conduct of any proceeding in respect thereof, except to the extent attributable to the failure of the Trustee to perform its obligations under this Article 6 or to perform its duties and responsibilities pursuant to the Documents including, without limitation, the obligation to make payments and prepare returns provided in this Article 6; (ix) Taxes imposed on an Indemnified Person to the extent such Taxes would not have been imposed upon such Indemnified Person (or any of its Affiliates) but for any failure of such Indemnified Person or such Affiliate to comply with (a) certification, information, documentation, reporting or other similar requirements (each being a "Requirement") concerning the nationality, residence, identity or connection with the jurisdiction imposing such Taxes, if such compliance is required by statute or by regulation of the jurisdiction imposing such Taxes as a precondition to relief or exemption from such Taxes and the Indemnified Person or its Affiliate was eligible to comply with such Requirement or (b) any other Requirements under the Tax laws or

regulations of the jurisdiction imposing such Taxes that would establish entitlement to otherwise applicable relief or exemption from such Taxes, and the Indemnified Person or such Affiliate was eligible to comply with such Requirement, provided that the exclusion set forth in this subclause (ix) shall not apply ~~to~~ (1) if such failure to comply was due to a failure of the Trustee (y) timely to notify such Indemnified Person or such Affiliate of such Requirement or (z) to provide reasonable assistance in complying with such requirement or (2) if, in order to comply with such Requirement, the Indemnified Person or such Affiliate would be required to make any inaccurate statement or (3) if by complying with such Requirement the Indemnified Person or such Affiliate might suffer any material adverse consequences for which the Indemnified Person or such Affiliate is not indemnified by the Trustee; (x) any Taxes to the extent such Taxes would have been imposed on an Indemnified Person even if it had not engaged in activities related to the transactions contemplated by the Documents; (xi) any Taxes for which the Trustee has actually fully paid or reimbursed, in accordance with the terms of any of the Documents, the Indemnified Person entitled to payment under this Article 6; and (xii) penalties, interest or additions to tax resulting from Taxes which are not indemnifiable hereunder; provided, however, that this exclusion (xii) shall not apply to the pro rata portion of any penalties, interest or additions attributable to Taxes indemnifiable hereunder; provided, further, however, that except as provided below, the Trustee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the next succeeding paragraph; provided, further, however, that if the Trustee is obligated to make a payment under this Article 6 by reason of a breach by the Indemnified Person or any Affiliate thereof of any such Indemnified Person's representations, warranties, duties and obligations under any of the Documents to which it is a party, this Article 6 shall not be construed to limit the Trustee's ability to include the amount of such obligation as damages due and owing by reason of such breach, and the liability of the Trustee to indemnify hereunder shall in no way be construed as limiting any rights or remedies to which the Trustee may otherwise be entitled in the event of any such breach.

(b) Except as provided herein, the Trustee shall pay all Taxes subject to indemnification under this Article 6 for which it is required to file a return prior to the latest time permitted by the relevant taxing authority for timely payment. In the case of a Tax subject to indemnification under this Article 6 for which the Trustee is

required to file a return, when the Trustee resists payment in accordance with this Article 6, the Trustee shall pay such Tax (in the amount finally determined to be owing in such contest) prior to the latest time permitted by the relevant taxing authority for timely payment after a Final Determination (as defined below). In the case of a Tax subject to indemnification under this Article 6 for which no return is required to be filed by the Trustee, the Trustee shall pay such Tax to the appropriate Indemnified Person within 15 days after receipt of a demand in writing that specifies in reasonable detail the payment and the facts upon which the right to payment is based, but not prior to the later of (i) 15 days before the due date (ignoring extensions of time) for payment of such Tax by the Indemnified Person, and (ii) in the case of a Tax whose payment is being contested in accordance with this Article 6, a Final Determination (which shall mean (i) a decision, judgment, decree or other order by any court of competent jurisdiction that resolves the matter, which decision, judgment, decree or other order has become final (i.e., the earliest of when all allowable appeals have been exhausted by either party to the action or the time for filing such appeal has expired or such Indemnified Person has notified the Trustee in writing that it does not intend to take such appeal, it being understood that such Indemnified Person shall not be required to pursue such appeal), (ii) a closing agreement entered into under Section 7121 of the Code (or any successor provision) or any other settlement agreement entered into in connection with administrative or judicial proceedings, in any case with the Trustee's consent, (iii) the expiration of the time for instituting an initial suit with respect to a claimed deficiency or for instituting a claim for refund, or, if a refund claim was filed, the expiration of the time for instituting suit with respect thereto, or (iv) the point in time when the Indemnified Person is no longer required to contest (or allow the Trustee to contest) the imposition of such Tax pursuant to this Article 6).

(c) If any written claim is made against any Indemnified Person for any Taxes indemnified against under this Article 6, such party shall promptly notify the Trustee in writing. If reasonably requested by the Trustee in writing within 60 days of receipt of such notice (or, if sooner, and if such date is disclosed to the Trustee in the Indemnified Person's notification to the Trustee, on or before the last date upon which a contest of such Tax can be initiated), such Indemnified Person shall, upon receipt of any indemnity satisfactory to it for all costs, expenses,

losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Trustee (it being understood that such indemnity is not intended to expand the scope of the Trustee's indemnification obligations with respect to liabilities specifically dealt with in this Article 6), contest in good faith the validity, applicability or amount of such Taxes by, in the case of a contest involving only Taxes for which the Trustee is liable (a "Trustee Controlled Contest"), in the Trustee's sole discretion, or, in the case of any other contest (an "Indemnified Person Controlled Contest"), in such Indemnified Person's sole discretion, (a) resisting payment thereof, if possible, (b) not paying the same except under protest, if protest is necessary or proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both; provided, however, that in no event will such Indemnified Person be required to contest or continue to contest the imposition of any Tax for which the Trustee is obligated pursuant to this Article 6 unless (w) no Event of Default shall have occurred and be continuing, (x) such Indemnified Person and the Owner shall have reasonably determined that the action to be taken will not result in any material danger of sale, forfeiture or loss of, or the creation of any Lien (except if the Trustee shall have adequately bonded such Lien, or otherwise made provisions to protect the interests of such Indemnified Person ~~and the Owner~~ in a manner reasonably satisfactory to such Indemnified Person ~~and the Owner~~) on any Item of Equipment, (y) if such contest shall involve payment of the claim, the ~~Lessee~~ Trustee shall advance the amount thereof plus (to the extent indemnified under this ~~Section 6.01~~) interest, penalties and additions to tax with respect thereto to such Indemnified Person on an interest-bearing basis in accordance with the next sentence of this ~~Section 6.03~~ and (z) the amount of all claims with respect to the audit at issue exceeds $5,000. If an Indemnified Person contests Taxes by making payment thereof and attempting to obtain a refund, the Trustee shall advance to such Indemnified Person the amount that the Trustee would otherwise be required to pay to such Indemnified Person pursuant to this Article 6 if a Final Determination were made that such Indemnified Person is liable for the amount of the payment made. Each such advance shall bear interest at the rate necessary to prevent such advance from being characterized as a below-market loan under Section 7872 of the Code (or any successor provision) which interest payments shall be due in arrears at the conclusion of each six month interest period. Unless the Indemnified Person has repaid any advance pursuant to the last sentence of this

paragraph (c), on the day that is ~~the~~ ten years after the Trustee advances funds to the Indemnified Person pursuant to this Article 6 the Indemnified Person shall repay to the Trustee any such advance; provided, however, that if the Indemnified Person is required to repay such advance prior to a Final Determination of the underlying liability for the Taxes for which such advance was made, the Trustee shall be obligated, within 5 days of such repayment, to advance to the Indemnified Person an amount equal to such repayment on an interest-free basis, and at no net after-tax cost to such Indemnified Person.

(d) In a Trustee Controlled Contest, the Trustee may also contest, if permitted by applicable law, at its own expense, the validity, applicability or amount of such Taxes in the name of such Indemnified Person; provided, however, that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such Indemnified Person in any such proceeding or action) (a) without the prior written consent of such Indemnified Person, such consent not to be unreasonably withheld (provided that it is understood that such Indemnified Person may impose reasonable conditions relating to the commencement and conduct of such contest as a condition to granting its consent) and (b) unless the conditions stated in clauses (w), (x) and (y) of the first sentence of paragraph (c) of this Article 6 are satisfied. In the case of any contest brought by the Trustee in accordance with the preceding sentence, the Indemnified Person shall cooperate with the Trustee by, at the Trustee's cost, providing to the Trustee all documents, reports and other information reasonably necessary in connection therewith and not of a competitive or sensitive nature.

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(e) An Indemnified Person will in good faith consult with the Trustee and its counsel regarding the conduct of any administrative or judicial contest and will not enter into any settlement or compromise with respect to any Tax that such Indemnified Person is required to contest hereunder that would give rise to an indemnifiable Tax under this Section without the Trustee's prior written approval. In the event the Indemnified Person effects a settlement or compromise of any contest, or otherwise terminates any such contest ~~or otherwise terminates such contest~~, without such prior written consent of the Trustee, such Indemnified Person shall pay to the Trustee an amount which shall equal the amounts theretofore paid by the Trustee pursuant to this Article 6 in respect of such claim; provided, however, that

such amount shall not include costs and expenses paid by the Trustee relating to such contest.

(f) If in the course of contesting a claim for Taxes the Trustee believes that the appropriate taxing authority might compromise a proposed adjustment, the Trustee shall advise the Indemnified Person of the terms of the settlement proposal that the Trustee is then willing to make, and upon receipt of such notice the Indemnified Person will explore such settlement proposal with the relevant taxing authority. If a settlement proposal is acceptable to both the Trustee and the taxing authority, the Indemnified Person shall agree to the settlement proposal; provided, however, that the Indemnified Person shall not be obligated to formally propose or agree to a settlement if the Indemnified Person agrees that the amount of any Taxes in respect of such proposed claim shall be treated as the amount of such Taxes which would have been required if the settlement proposal had been made and accepted (in which case such agreement by the Indemnified Person shall be treated as a Final Determination and the Trustee shall indemnify the Indemnified Person for such amount); provided further, however, that an Indemnified Person may in its sole discretion accept or reject any such settlement proposal unless the Trustee, after receiving 5 days prior written notice from such Indemnified Person regarding the terms of such settlement proposal, acknowledges liability for the claim that is the subject of such settlement proposal. Notwithstanding anything contained in this paragraph (f), an Indemnified Person will not be required to contest the imposition of any Tax or agree to the settlement of any claim it would otherwise be required to contest or settle if such Indemnified Person (a) shall waive its right to indemnity under this Section 6 with respect to such Tax (and any related claim and any claim and any related claim made by a taxing authority with respect to other taxable years that is based, in whole or in part, on the resolution of such claim or such related claim, the contest of which is materially prejudiced by the resolution of such proposed adjustment, it being understood that the mere settlement of the claim (in the absence of, for example, legal authority, administrative practice or other similar authority to the contrary) shall not be considered materially prejudicial), and (b) shall pay to the Trustee any amount previously paid or advanced by the Trustee pursuant to this Article 4 with respect to the claim for such Tax that is being contested (which amount shall not include costs and expenses previously paid ~~to~~ by the Trustee with respect to such contest).

(g) Upon a Final Determination of any contest in respect to which the Trustee shall have advanced funds to an Indemnified Person then, to the extent such Final Determination is adverse, the Trustee shall indemnify such Indemnified Person to the extent provided by this Agreement, and within 30 days after such Final Determination, such Indemnified Person shall offset from any funds advanced by the Trustee the amount for which the Trustee is required to indemnify such Indemnified Person and then shall, if any excess remains, repay to the Trustee any funds advanced by the Trustee, together with any related interest received (or saved) by such Indemnified Person as a result of such refund or Credit to the extent of such excess.

(h) Any payment which the Trustee shall be required to make to or for the account of any Indemnified Person with respect to any Tax which is subject to indemnification under this Section shall (A) reflect any actual current savings (but only up to the amount of the Tax for which such Indemnified Person is being indemnified) of the Indemnified Person resulting by way of deductions, credits or other tax benefits attributable to the payment (or accrual) of such indemnified Tax unless such deduction or credit or other tax benefit was taken into account in computing the payment which the Trustee is required to make with respect to any Tax which is subject to indemnification under this Section by way of a deduction or credit against such Tax and (B) include the amount necessary to hold the Indemnified Person harmless on an after-tax basis from the amount of any federal, state, local or foreign taxes required to be paid by the Indemnified Person as the result of any such payment (it being understood that if the amount of such federal, state, local or foreign taxes payable, or the amount of any tax savings realized by an Indemnified Person as a result of making any payment required to be made to the Trustee pursuant to this Paragraph (h) is less than the amount that would have been payable or realized had such Indemnified Person not been in a net operating loss position or subject to minimum taxes (or other similar situations reducing such taxes payable by such Indemnified Person), then appropriate payments shall be made by the Trustee (or, if applicable, by such Indemnified Person) to such Indemnified Person (or, if applicable, to the Trustee) in subsequent years so that such Indemnified Person (or, if applicable, the Trustee) receives the full benefit of payments otherwise payable hereunder). If, by reason of any Tax payment made to or for the account of an Indemnified Person ~~currently or~~ by the Trustee pursuant to this Article 6, such Indemnified Person currently or subsequently

receives a refund (or any amount representing interest thereon) or realizes a tax benefit, savings, deduction or credit (including foreign tax credit) not previously taken into account in computing such payment, such Indemnified Person shall promptly pay to the Trustee an amount equal to the sum of (I) the actual net reduction in Taxes, if any, realized by the Indemnified Person which is attributable to such deduction or credit (or, if applicable, the amount of such refund or interest net of expenses) and (II) the actual reduction in any Taxes realized by the Indemnified Person as the result of any payment made by the Indemnified Person pursuant to this sentence; provided, however, that the Indemnified Person shall not be obligated to make payment pursuant to this Article 6 to the extent that the amount of such payment would exceed (x) the amount of all prior payments excluding costs, expenses and advances relating to any contest made by the Trustee pursuant to this Article 6, less (y) the amount of all prior payments by the Indemnified Person to the Trustee hereunder (any such excess to be carried forward to reduce any subsequent obligations of the Trustee to indemnify the Indemnified Person); provided further, however, that the subsequent loss of any such tax benefit, savings, deductions or credit realized by the Indemnified Person shall be treated as a Tax for which the Lessee must indemnify such Indemnified Person pursuant to paragraph (a) of this Article 6 without regard to exceptions (i), (v), (vi) and (x) therein. For purposes of the preceding sentence, items of foreign tax of any Indemnified Person shall be deemed to be utilized by the Indemnified Person as credits or deductions for any taxable year in accordance with the following priorities:

First, all available foreign taxes other than those described in the next two clauses of this sentence;

Second, all available foreign taxes attributable to any leasing or similar transaction entered into by the Indemnified Person or any member of an affiliated group (within the meaning of Section 1504 of the Code) filing a consolidated Federal income tax return which includes the income of such Indemnified Person (the "Indemnified Group") with a person other than the Trustee and for which such member of such Indemnified Group was indemnified or held harmless by anyone in such transaction (other than a transaction (x) described in the next clause of this sentence or (y) in which the foreign tax credit ordering rules provide that foreign tax credits attributable to such

transaction shall be taken into account ahead of other transactions in which such member of the Indemnified Group is being indemnified) on a pari passu basis with any foreign tax credits attributable to any tax payment made to or for the account of the Indemnified Person pursuant to this Article 6; and

Third, all available foreign taxes attributable to any transaction entered into by any member of any Indemnified Group for which the Indemnified Person was indemnified or held harmless by anyone in such transaction and in which the tax credit ordering rules applicable to such indemnification specifically provide that foreign taxes attributable to such transaction shall be taken in account last (and not on a pari passu basis as hereinabove stated).

(i) In case any report or return is required to be made with respect to any obligation of the Trustee under this Article 6 or arising out of this Article 6, the Trustee shall either make such report or return in such manner as will show the interests of the Indemnified Person in the Equipment and, if requested, shall promptly provide a copy thereof to the Indemnified Person or if not permitted by law to file the same shall promptly notify the Indemnified Person of such requirement and shall make such report or return in such manner as shall be satisfactory to the Indemnified Person. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Trustee.

(j) If an Indemnified Person has actual notice that a report, return, statement, or other information is required with respect to any Tax other than Taxes required to be reported on a return in the name of such Indemnified Person or any of its Affiliates reporting transaction other than those contemplated by the Documents, or that a taxing authority has a made a claim for payment of such Tax, it shall promptly so notify the Trustee, shall furnish the Trustee with copies of the relevant portions of all written communications from any taxing authority relating to such Tax, and, if requested by the Trustee, shall request such taxing authority to contact the Trustee regarding such information relating to the transactions contemplated by the Documents.

(k) The Trustee may delegate its obligations under this Article to the Lessee pursuant to the Lease.

(l) All of the obligations of the Trustee under this Article 6 shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement. All amounts payable by the Trustee pursuant to this Article 6 shall be payable directly to the Indemnified Person entitled to indemnification, except to the extent paid to a governmental agency or taxing authority.

(m) Notwithstanding anything in this Agreement or in any other Documents to the contrary, if on the date any payment is required to be made by either party under this Article 6, there shall have occurred and be continuing a Default or an Event of Default with respect to the obligations of the payee hereunder, then such payment shall not be required unless and until the payee shall have cured such Default or Event of Default.

ARTICLE 7

Maintenance; Terminations and Casualty Occurrences; Insurance

(a) The Trustee shall, at its own cost and expense, maintain and keep each unit of the Equipment (including any Parts installed on or replacements made to any unit and considered an accession thereto as provided in Section 9 of the Lease) in good operating order, repair and condition, ordinary wear and tear excepted.

(b) In the event that the Lease is terminated pursuant to either Section 7.06 or Section 7.12 of the Lease as to any unit of the Equipment ("Surplus Termination") or pursuant to Section 7.08 of the Lease as to the units of any Type of Equipment ("Buy Out Termination", a Surplus Termination or a Buy Out Termination is sometimes hereinafter called a "Termination") or any unit of Equipment shall suffer a Casualty Occurrence (as defined in Section 7.01 of the Lease) during the term of this Agreement, the Trustee shall, promptly after it shall have received written notice from the Lessee of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the Casualty Payment Date (as defined in Section 7.01 of the Lease) or on the Termination Date (as defined in the Lease) in the case of Termination (each such date hereinafter called a "Settlement Date") next succeeding such notice or information, the Trustee shall, subject to the limitations

contained in paragraph (h) of Article 4 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence, an amount equal to the CSA Casualty Value (as hereinafter defined in paragraph (f) of this Article 7) of such unit suffering a Casualty Occurrence as of such Settlement Date, and (ii) in the case of a Termination, an amount equal to the CSA Termination Value (as hereinafter defined in paragraph (g) of this Article 7) of such unit subject to such Termination as of such Settlement Date. The Trustee shall file, or cause to be filed, with the Vendor a certificate setting forth the CSA Casualty Value or CSA Termination Value, as the case may be, of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal, if any, due on such date) on the date of such payment to prepay without penalty or premium, except as may be in the case of a Termination, (ratably in accordance with the unpaid balance of each installment) the CSA Indebtedness, together with all unpaid and accrued interest thereon. The Vendor will promptly furnish to the Trustee, the Owner, the Investors and the Lessee a revised schedule of payments of principal and interest with respect to the CSA Indebtedness thereafter to be made. In the event of the requisition of use by any governmental authority of any unit of the Equipment not constituting a Casualty Occurrence, all of the Trustee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

(d) Upon payment by the Trustee to the Vendor of (i) the CSA Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence or (ii) the CSA Termination Value of any unit subject to a Termination, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Trustee (or, in the case of a Buyout Termination, as such term is defined in Section 7.08 of the Lease, the Lessee), without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Trustee (or, in the case of a Buyout Termination, the Lessee), will execute and deliver to the Trustee (or, in the case of a Buyout Termination, the Lessee), at the expense of the Trustee (or, in the case of a Buyout Termination, the Lessee), an appropriate instrument confirming the release of the Vendor's security interest in such unit, in recordable form, in order that the Trustee (or, in the case of a Buyout Termination, the Lessee) may make clear upon the public records the full title of the Trustee (or, in the case of a Buyout Termination, the Lessee) to such unit.

(e) Any insurance proceeds or condemnation payments received and retained by the Vendor in respect of units of Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Trustee to the Vendor in respect of Casualty Occurrences pursuant to this Article. If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Trustee shall have made payments pursuant to this Article without deduction for such insurance proceeds or condemnation payments, in excess of the CSA Casualty Value (after taking into account payments by the Trustee under this Article) of such units, the Vendor shall, provided no event of default hereunder shall have occurred and be continuing, promptly pay such insurance proceeds or condemnation payments to the Trustee. All insurance proceeds or condemnation payments or such excess received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Trustee upon proof satisfactory to the Vendor that the damage to such unit or units in respect of which such proceeds were paid has been repaired, provided no event of default hereunder shall have occurred and be continuing.

(f) The "CSA Casualty Value" of each unit of Equipment on any Settlement Date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the CSA Indebtedness outstanding on such date (after giving effect to any payment in respect thereof due on such date pursuant to Article 4 hereof) by a fraction of which the numerator shall be the Purchase Price of such unit and the denominator shall be the Purchase Price of all units (including such unit) of Equipment subject to this Agreement on such date.

(g) The CSA Termination Value of any unit as of any Settlement Date shall be an amount equal to (i) as to any Surplus Termination on or after the date 12.75 years after the First Delivery Date, the CSA Casualty Value thereof as of such date; (ii) as to any Surplus Termination prior to the date 12.75 years after the First Delivery Date,

the sum of (x) the CSA Casualty Value thereof as of such date and (y) a prepayment premium equal to the Make-Whole Premium (as such term is defined in paragraph (h) of this Article 7); (iii) as to any Buy Out Termination on or after June 15, 2007, the CSA Casualty Value thereof as of such Date.

(h) "Make-Whole Premium" shall mean a premium equal to the excess, if any, of (i) the present value, as of the date of prepayment of the CSA Indebtedness in question, of the respective installments of principal of and interest on such CSA Indebtedness that, but for such prepayment, would have been payable on the payment dates after such prepayment over (ii) the principal amount of such prepayment. Such present value shall be determined by discounting the amounts of such installments from their respective payment dates to the date of prepayment at a rate equal to 0.50% per annum over the Treasury Rate. "Treasury Rate" shall mean the yield on a hypothetical United States Treasury security with a constant maturity matching the then remaining average life to maturity of the CSA Indebtedness in question. The hypothetical Treasury security is to be derived by referring to the Federal Reserve Board's Statistical Release H-15 (519) (or its successor publication) most recently available next preceding (by not more than 10 nor less than 5 business days) the date of the prepayment of such CSA Indebtedness. If there is a Treasury constant maturity listed in said Federal Reserve H-15 Release with a maturity equal to the then remaining average life to maturity of such CSA Indebtedness, then the yield on such Treasury security shall be the Treasury Rate. If no such Treasury constant maturity exists, then the Treasury security with a constant maturity closest to and greater than the then remaining average life to maturity of such CSA Indebtedness, shall be used, along with the Treasury security with a constant maturity closest to and less than the remaining average life to maturity of such CSA Indebtedness, in the following formula in order to calculate the Treasury Rate:

$$TR = YA + (RALM-MA) \times \frac{(YB-YA)}{(MB-MA)}$$

where:
TR = Treasury Rate.
RALM = Remaining Average life to Maturity of such CSA Indebtedness.
A = Treasury security with a maturity closest to and less than RALM.
B = Treasury security with a maturity

closest to and greater than RALM.
YA = Yield to Maturity of Security A.
YB = Yield to Maturity of Security B.
MA = Maturity of Security A.
MB = Maturity of Security B.

If there shall be no Treasury security with a constant maturity less than the then remaining average life to maturity of such CSA Indebtedness, then Treasury Rate shall mean the yield on the Treasury security with the shortest Treasury constant maturity. If said Federal Reserve H-15 Release or a successor publication refers to no applicable yield on Treasury securities, then the Treasury Rate shall be determined in any manner mutually acceptable to the Lessee and the holders of such CSA Indebtedness.

(i) The Trustee shall at all times while this CSA is in effect maintain or cause to be maintained, at its own expense, the insurance described in Section 7.13 of the Lease.

ARTICLE 8

Reports and Inspections

The Trustee will furnish to the Vendor, on or before May 1 in each year, commencing with the calendar year 1990 a copy of the report filed with the Trustee pursuant to Section 8.01 of the Lease. The Vendor shall have the right by its agents to inspect the Equipment and the records of the Trustee with respect thereto at such reasonable times as the Vendor may request.

ARTICLE 9

Marking of Trust Equipment

(a) The Trustee will cause each unit of Equipment to be kept numbered and marked as provided in Section 5 of Lease.

(b) The Trustee will not place or permit any unit of Equipment to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or cause to be replaced promptly any such markings which may be removed,

defaced, obliterated or destroyed. The Trustee shall not change, or permit to be changed, the identifying numbers to be substituted therefor, except upon compliance with the condition of Section 5 of the Lease.

(c) Except as above provided, the Trustee will not allow the name of any person to be placed on the units of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Trustee may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the user of such Equipment or its affiliates.

ARTICLE 10

Compliance with Laws and Rules

During the term of this Agreement, the Trustee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitations, with respect to the use, maintenance and operation of the Equipment) with all Applicable Laws (as defined in Section 9 of the Lease) and in the event that such Applicable Laws require any alteration, replacement, addition or modification of or to any part of any unit of the Equipment, the Trustee will, or will cause the Lessee to, conform therewith at no expense to the Vendor; provided, however, that the Trustee or the Lessee may, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11

Possession of Equipment

(a) So long as no event of default has occurred and is continuing hereunder, the Trustee shall be entitled to the possession and use of the Equipment and also to enter into the Lease and to permit the use of the Equipment as provided in the Lease.

(b) The Trustee hereby agrees that the Lease, and the rights of the Trustee to receive rentals and other payments due and to become due thereunder (except for payments payable directly to the Owner or the Trustee pursuant to

Sections 6, 9 and 18 of the Lease), shall be subject and subordinate to this Agreement and to the rights of the Vendor hereunder and under the Consent.

(c) Except as permitted by the Trust Agreement, the Trustee will not sell, assign or transfer its rights under this Agreement in respect of the Equipment or, except as provided in this Article 11, transfer the right to possession of any unit of Equipment. The Trustee will not amend or consent to any change in the Trust Agreement except as specifically provided therein.

ARTICLE 12

Discharge of Liens

(a) The Trustee will pay or discharge any and all sums claimed by any party from, through or under the Trustee, the Owner or their successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the "income and proceeds from the Equipment" (as defined in Article 4 hereof), and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the interest of the Vendor in the Equipment, its interest in the income and proceeds from the Equipment, or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

(b) The covenant set forth in paragraph (a) of this Article 12 will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

(c) Without in any way limiting the application thereof to other Sections of this Agreement as specified therein, it is understood that the obligations of the Trustee under this Article are subject to the limitations contained in paragraph (h) of Article 4 and in Article 21 hereof; provided, however, that the Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests on the Equipment or the income and proceeds of the Equipment claimed by any party from, through or under the Trustee and, to the extent that funds are available in the Trust Estate, of the Owner, not arising out of the transactions contemplated hereby (but including all income taxes arising out of the receipt of rentals and other payments under the Lease or the Participation Agreement and any other proceeds from the Equipment, but, in each case, only to the extent that the Lessee has not agreed to indemnify the Owner therefor) but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, materially and adversely affect the security interest of the Vendor in the Equipment, its interest in the income and proceeds from the Equipment, or otherwise under this Agreement.

ARTICLE 13

Indemnity

(a) The Trustee shall pay, and shall protect, indemnify and hold the Vendor, any assignee thereof and their respective successors, assigns, principals, agents and servants ("Indemnified Persons"), harmless from and against any and all Indemnified Matters (as defined in Section 9 of the Lease) except, however, in the case of a Seller, (i) any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by such Seller or out of any breach of warranty or failure to perform any covenant hereunder, by, such Seller and (ii) any matter covered by a Manufacturer's warranties of material workmanship and patent indemnification referred to in Annex A hereto. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Trustee may and, upon such Indemnified Person's request will, at the Trustee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Trustee and approved

by such Indemnified Person and, in the event of any failure by the Trustee to do so, the Trustee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Trustee is required to make any payment under this Article, the Trustee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes), shall be equal to the amount of such payment. The Vendor and the Trustee each agree to give each other, promptly upon obtaining knowledge thereof, written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article by the Trustee, and provided that no event of default set forth in Article 15 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, the Trustee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person other than the Trustee or the Lessee as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Trustee to the extent necessary to reimburse the Trustee for indemnification payments previously made in respect of such matter.

(b) The indemnities contained in this Article shall survive the expiration of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration and are expressly made for the benefit of and shall be enforceable by any Indemnified Person. None of the indemnities in this Article shall be deemed to create any rights of subrogation in any insurer or third party against the Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

(c) The Trustee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

(d) Each Seller represents and warrants to the Trustee and the Assignee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, such Seller will have good and marketable title to such unit, free and clear of all claims, liens, security interests, and other encumbrances of any nature except only the rights created by this Agreement, the CSA Assignment, the Lease and the Lease Assignment.

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

(f) The agreement of the parties relating to the Manufacturers' warranties of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Annex A hereto.

ARTICLE 14

Assignments

(a) The Trustee will not (i) transfer the right to possession of any unit of Equipment except as provided in Article 11 hereof or (ii) sell, assign, transfer or otherwise dispose of its rights under this Agreement or the Lease without the prior written consent of the Vendor, except as provided in the Trust Agreement.

(b) All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Trustee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time; provided, however, that if no event of default or Event of Default or any event which with lapse of time or notice or both would constitute such an event of default or Event of Default hereunder or under the Lease, as the case may be, has occurred and is continuing, the Vendor may only make such an assignment to the Assignee or to a domestic bank, trust company or other lending institution with a combined capital and surplus of not less than $50,000,000. No such assignment shall subject any assignee to, or relieve any Seller

from, any of the obligations of such Seller to deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Trustee of its respective obligations to such Seller contained in Articles 2, 3, 4, 6, and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

(c) Upon any such assignment, the assignor shall give written notice to the Trustee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Trustee of the notification of any such assignment, all payments thereafter to be made by the Trustee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

(d) The Trustee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Trustee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Seller with respect to its Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of such Seller with respect to its Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Trustee or the Lessee by such Seller. Any and all such obligations, however arising, shall be and remain

enforceable by the Trustee or the Lessee, as the case may be, against and only against such Seller.

ARTICLE 15

Defaults

In the event that any one or more of the following events of default shall occur to wit:

(a) the Trustee shall, without regard to any limitation of liability contained in Article 4 or 21 hereof, default in the payment of the principal of or interest on the CSA Indebtedness or in the payment in respect of a Casualty Occurrence or a Termination under Article 7 hereof, and such default shall continue for more than 5 business days after the same shall become due, or

(b) the Trustee shall, subject to the provisions of Article 21 hereof, fail or refuse to comply with any other of the terms and covenants of this Agreement or the Lease Assignment on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance, and such noncompliance shall continue for more than 30 days after the Vendor shall have demanded in writing performance thereof, or

(c) the Trustee, except as herein authorized or contemplated, shall make any unauthorized transfer of any unit of Equipment and shall fail or refuse either (i) to cause such transfer or sublease to be cancelled by agreement of all parties having any interest therein or recover possession of such unit of Equipment, as the case may be, within 30 days after the Vendor shall have demanded in writing such cancelation or recovery of possession, or (ii) within said 30 days to deposit with the Vendor a sum in cash equal to the then Casualty Value (as defined in Article 7 hereof) of such unit of Equipment (any sum so deposited to be returned to the Trustee upon the cancelation of such transfer or sublease or the recovery of possession by the Trustee of such unit of Equipment), or

(d) any proceeding shall be commenced by or against the Trustee or the Owner for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness,

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

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease unless the Trustee shall have cured such Event of Default and the corresponding event of default hereunder within the later to occur of (1) the expiration of all applicable grace periods, or (2) the tenth day following the giving of written notice to the Trustee that such Event of Default has occurred and is continuing; provided, however, that if more than four Events of Default or if more than two consecutive Events of Default shall have occurred under clause (A) of Section 10 of the Lease which corresponds to an event of default under Article 15(a) hereof, any such Event of Default shall be an event of default hereunder whether or not the corresponding event of default hereunder is cured;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Trustee, the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, but without premium immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in

Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. In addition, if the Trustee does not pay the entire unpaid CSA Indebtedness, together with the interest thereon accrued and unpaid to the date of payment within 15 days of such notice of Declaration of Default, the Vendor may cause the Lease immediately to terminate (and the Trustee acknowledges the right of the Vendor to terminate the Lease) but without affecting the indemnities which by the provisions of the Lease survive its termination. Upon a Declaration of Default, subject to Articles 4 and 21 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Trustee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Trustee shall promptly notify the Vendor, the Owner and each Investor of any event of which any of its officers having responsibility for the administration of this transaction has actual knowledge which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

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

ARTICLE 16

Remedies

(a) At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof,

without liability to return to the Trustee any sums theretofore paid in respect thereof and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Trustee or any other person and for such purpose may enter upon the premises of the Trustee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Trustee, subject to all mandatory requirements of due process of law.

(b) In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Trustee shall, at its own expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to all railroads which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(ii) permit the Vendor to store the Equipment on such tracks without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(iii) cause the Equipment to be transported to such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

During any storage period, the Trustee will, at its own cost and expense, in accordance with the standards and provisions of the Lease, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties; and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Trustee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever

nature in connection with any retaking of any unit of Equipment in any reasonable manner.

(c) At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Trustee and the Lessee by telegram, telex, telecopy or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Trustee does not object thereto in writing as described in second proviso below, all the Trustee's rights in the Equipment shall thereupon terminate and all payments made by the Trustee or for its account in respect of the Equipment may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Trustee, before the expiration of the 90-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid, but without premium, and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee; provided further that if the Trustee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 90 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be provided by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

(d) At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession of the Equipment, at its election and upon 90 days' written notice to the Trustee, the Owner, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more

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

(e) Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be conducted in a commercially reasonable manner. The Vendor and the Trustee each may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Trustee, the Owner and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 90 days prior thereto, by telegram, telex, telecopy or registered mail addressed as provided in Article 20 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Trustee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

(f) Notwithstanding the foregoing, the Vendor agrees that, before it shall proceed to foreclose the lien of this Agreement, the Vendor shall, to the extent that it is then entitled to do so under the Lease and is not then stayed or otherwise prevented from doing so by operation of law or otherwise, first proceed to exercise one or more of the remedies provided in the Lease as it shall determine in its sole discretion.

(g) At any time within 90 days after the occurrence of an Event of Default under the Lease, the Trustee may tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid, but without premium, and all other sums due and payable to the Vendor under this Agreement at the time (including, without limitation, all reasonable expenses, including attorney's fees, incurred by the Vendor in enforcing its remedies hereunder), and in such event upon receipt of such payment by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Trustee.

(h) Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the CSA Indebtedness except as specifically provided in this Article 16. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Trustee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Trustee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Trustee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

(i) Subject to paragraph (c) of this Article 16, if, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to the Vendor under the provisions of this Agreement, the Trustee shall, subject to the limitations of the last paragraph of Article 4 and Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Trustee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Trustee. If, after applying all sums realized by the Vendor in any of its capacities under the remedies provided or contemplated hereunder or under any other document related to this transaction, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid promptly to the Trustee.

(j) The Trustee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies against the Trustee under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and Article 21 hereof.

(k) The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17

Applicable State Laws

(a) Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Trustee to the full extent

permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

(b) Except as otherwise provided in this Agreement, the Trustee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18

Recording

Subject to the provisions of Article 21 hereof and the proviso contained in Section 15 of the Lease, the Trustee will (a) promptly after the execution and delivery of this Agreement, any assignments hereof, the Lease, the Lease Assignment and each supplement hereto and thereto, respectively, cause this Agreement, any assignments hereof, the Lease, the Lease Assignment and each such supplement to be duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303 and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada, (b) from time to time do and perform any other act and will execute, acknowledge, deliver and file, register and record any and all further instruments required by law or reasonably requested by the Vendor for the purposes of proper protection of the security interest of the Vendor, (c) furnish an opinion or opinions of counsel of the Lessee, satisfactory to the Vendor and its special counsel, in connection with such filing, registration, and recordation, and (d) promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19

Article Headings; Effect and Modification of Agreement.

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

(b) Except for the Participation Agreement and its Exhibits, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Trustee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Trustee.

ARTICLE 20

Notice

Any notice required or permitted to be given by any party hereto to any other party or parties shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a Business Day, otherwise on the next Business Day), if transmitted by mail, telex, telecopy or similar transmission, or by hand, addressed as follows:

(a) to the Trustee at 777 Main Street, Hartford Connecticut 06115, attention of Corporate Trust Department,

(b) to the Assignee at P.O. Box 2258 (or, if by hand, at 2 Hopkins Plaza), Baltimore, Maryland 21203, attention of Corporate Trust Department,

(c) to a Seller at its address specified in Item 1 of Annex A hereto,

(d) to an Investor at its address specified in Schedule A to the Participation Agreement,

(e) to the Owner at its address specified in Schedule B to the Participation Agreement, and

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

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

ARTICLE 21

Satisfaction of Undertakings

(a) Notwithstanding anything herein or in any of the other Documents to the contrary, the obligations of the Trustee under paragraphs (b), (i), and (j) of Article 16 and under Articles 3, 6, 7 (other than the second and third sentences of the paragraph (b) thereof), 8, 9, 10, 12, (other than the proviso to paragraph (c) thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease, whether or not satisfaction by Lessee of its obligations thereunder shall actually result in satisfaction of such obligations of the Trustee. The Trustee shall not have any responsibility or liability for the Lessee's failure to perform the Lessee's obligations, but if the same shall not be performed, such failure shall constitute the basis for an event of default hereunder pursuant to paragraph (e) of Article 15 hereof and not paragraph (b) thereof. Until the security interest of the Vendor in this Agreement is discharged as provided in Article 5 hereof, no waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

(b) Each and all of the representations, warranties, covenants and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and (except as aforesaid) this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said

institution on account of any representation, warranty, covenant or agreement herein of the Trustee (except in the case of gross negligence or willful misconduct of the Trustee), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor making claim hereunder may look to said Trust Estate for satisfaction of the same.

ARTICLE 22

Law Governing

The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11303 and such additional rights arising out of the filing, recording or deposit hereof, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any unit of Equipment shall be located, and any rights arising out of the markings on the units of Equipment.

ARTICLE 23

Execution

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Each Seller and the Trustee shall be bound hereunder notwithstanding the failure of any other Seller to execute and deliver this Agreement or to perform it obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed. This Agreement shall be effective when

~~effective when~~ executed counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, New York.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this instrument to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as Trustee,

by _____

Name: ALAN B. COFFEY
Title: CORPORATE TRUST OFFICER

Executed on August 29, 1989

TRAILER TRAIN COMPANY,

by _____

Name: Thomas D. Marion
Title: Treasurer

Executed on August 25, 1989.

BETHLEHEM STEEL CORPORATION,

by _____

Name:
Title:

Executed on August , 1989.

TRINITY INDUSTRIES, INC.,

by _____

Name:
Title:

Executed on August , 1989.

THRALL CAR MANUFACTURING COMPANY,

by _____

Name:
Title:

Executed on August , 1989.

TRAILER TRAIN COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

BETHLEHEM STEEL CORPORATION,

by G. L. Millenbruch

Name: G. L. Millenbruch
Title: Senior Vice President &
Chief Financial Officer

Executed on August 24, 1989.

TRINITY INDUSTRIES, INC.,

by

_____

Name:
Title:

Executed on August , 1989.

THRALL CAR MANUFACTURING
COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

TRAILER TRAIN COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

BETHLEHEM STEEL CORPORATION,

by

_____

Name:
Title:

Executed on August , 1989.

TRINITY INDUSTRIES, INC.,

by K W Lewis

_____

Name:
Title:

Executed on August 24, 1989.

THRALL CAR MANUFACTURING COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

TRAILER TRAIN COMPANY,

by _____

Name:
Title:

Executed on August , 1989.

BETHLEHEM STEEL CORPORATION,

by _____

Name:
Title:

Executed on August , 1989.

TRINITY INDUSTRIES, INC.,

by _____

Name:
Title:

Executed on August , 1989.

THRALL CAR MANUFACTURING COMPANY,

by _____

Name:
Title:

Executed on August 23 , 1989.

[P90924]

SCHEDULE I

Allocation Schedule of Each $10,000,000
of 9.48% Conditional Sale Indebtedness

Lessor: AmeriTrust Co., N.A.
Lessee: Trailer Train
quipment: Intermodal Flatcars
inal Award Economics, 9.48% Debt Rate

oan Amortization for LN1
mount: 10000000.00
verage Debt Life: 14.579768 years
uration: 7.770868 years discounting at 9.704676 effective
ebt Rate: 9.480000%

Date	Takedown	Principal Repayment	Interest Amount	Total Debt Service	Loan Balance
'15/89	2652173.91	0.00	0.00	0.00	2652173.91
'29/89	2260869.57	0.00	0.00	0.00	4913043.48
'28/89	5086956.52	0.00	0.00	0.00	10000000.00
'14/90	0.00	0.00	267008.55	267008.55	10000000.00
'15/90	0.00	0.00	318633.33	318633.33	10000000.00
'15/90	0.00	0.00	474000.00	474000.00	10000000.00
/15/91	0.00	14433.63	474000.00	488433.63	9985566.37
/15/91	0.00	0.00	473315.85	473315.85	9985566.37
/15/92	0.00	169474.23	473315.85	642790.08	9816092.14
/15/92	0.00	0.00	465282.77	465282.77	9816092.14
/15/93	0.00	185540.39	465282.77	650823.16	9630551.75
/15/93	0.00	0.00	456488.15	456488.15	9630551.75
/15/94	0.00	203129.62	456488.15	659617.77	9427422.13
/15/94	0.00	0.00	446859.81	446859.81	9427422.13
/15/95	0.00	222386.31	446859.81	669246.12	9205035.82
/15/95	0.00	0.00	436318.70	436318.70	9205035.82
/15/96	0.00	243468.53	436318.70	679787.23	8961567.29
/15/96	0.00	0.00	424778.29	424778.29	8961567.29
/15/97	0.00	266549.35	424778.29	691327.64	8695017.94
/15/97	0.00	0.00	412143.85	412143.85	8695017.94
/15/98	0.00	243692.21	412143.85	655836.06	8451325.73
/15/98	0.00	0.00	400592.84	400592.84	8451325.73
/15/99	0.00	362771.31	400592.84	763364.15	8088554.42
/15/99	0.00	0.00	383397.48	383397.48	8088554.42
/15/00	0.00	383971.02	383397.48	767368.50	7704583.40
/15/00	0.00	0.00	365197.25	365197.25	7704583.40
/15/01	0.00	407840.57	365197.25	773037.82	7296742.83
/15/01	0.00	0.00	345865.61	345865.61	7296742.83

SCHEDULE I

(10)

Allocation Schedule of Each $1,000,000
of 9.48% Conditional Sale Indebtedness

Lessor: AmeriTrust Co., N.A.
Lessee: Trailer Train
quipment: Intermodal Flatcars
inal Award Economics, 9.48% Debt Rate

oan Amortization for LN1
mount: 10000000.00
verage Debt Life: 14.579768 years
uration: 7.770868 years discounting at 9.704676 effective
ebt Rate: 9.480000%

Date	Takedown	Principal Repayment	Interest Amount	Total Debt Service	Loan Balance
'15/02	0.00	433194.69	345865.61	779060.30	6863548.14
'15/02	0.00	470241.46	325332.18	795573.64	6393306.68
'15/03	0.00	0.00	303042.74	303042.74	6393306.68
'15/03	0.00	502716.42	303042.74	805759.16	5890590.26
'15/04	0.00	0.00	279213.98	279213.98	5890590.26
'15/04	0.00	755828.56	279213.98	1035042.54	5134761.70
'15/05	0.00	0.00	243387.70	243387.70	5134761.70
'15/05	0.00	681447.89	243387.70	924835.59	4453313.81
'15/06	0.00	0.00	211087.07	211087.07	4453313.81
'15/06	0.00	1029627.27	211087.07	1240714.34	3423686.54
'15/07	0.00	0.00	162282.74	162282.74	3423686.54
'15/07	0.00	1039563.98	162282.74	1201846.72	2384122.56
'15/08	0.00	0.00	113007.41	113007.41	2384122.56
'15/08	0.00	1138114.65	113007.41	1251122.06	1246007.91
'15/09	0.00	0.00	59060.78	59060.78	1246007.91
'15/09	0.00	1246007.91	59060.78	1305068.69	0.00
otal:	10000000.00	10000000.00	13821620.10	23821620.10	

Item 1: Trailer Train Company, 101 North Wacker Drive, Chicago, Illinois 60606, Attention of Treasurer.

Item 2: The Equipment shall be settled for in three Groups on August 28, September 29 and December 28, 1989 unless the parties hereto otherwise agree.

Item 3: Each Manufacturer hereby consents to the assignment by Trailer Train Company to the Trustee and the Vendor of the warranties and patent indemnification given to Trailer Train Company by such Manufacturer with respect to its Equipment. Each Manufacturer will make available to the Trustee and the Vendor the warranties and patent indemnifications given to Trailer Train Company by the Manufacturers.

Item 4: The Maximum Purchase Price referred to in Article 4 of this Agreement is $45,000,000.

Item 5: The Maximum CSA Indebtedness referred to in Article 4 of the Agreement is $34,650,000.

Item 6: Ameritrust Company National Association.

Item 7: Annex B hereto shows the Equipment manufactured by each Manufacturer. To the extent Trailer Train Company has purchased such Equipment before any Closing Date, it will be the Seller thereof and the Manufacturers will be the Sellers of the balance of the Equipment.

TRAILER TRAIN COMPANY

ANNEX B TO THE CONDITIONAL SALE AGREEMENT

Builder/Car Type	Contract No.	Quantity Cars	Quantity Platforms	Car Numbers (Inclusive)	Estimated Cost Per Car	Total Cost	Estimated Delivery Period
Trinity Industries Inc.:							
Single-platform Front-Runner flatcars with single-axle trucks for carrying trailers - TTOX	T-1088-P	494	494	145601 - 146094	$ 30,933	$ 15,280,902**	Jan. - June, 1989
* Five-platform articulated Spine flatcars for carrying containers - NTTX	T-4088-P	34	170	66106 - 66139	110,018	3,740,612**	Jan. - Apr., 1989
* Five-platform articulated all-purpose Spine flatcars with retractable hitches for carrying trailers or containers - TTAX	T-1089-P	33	165	76012 - 76044	144,077	4,754,541**	Sept. - Oct., 1989
Thrall Car Manufacturing Co.:							
Five-platform articulated trailer cars - TTLX	T-5088-T	63	315	60400 - 60454 60562 - 60569	128,200	8,076,600	July - Sept., 1989
Bethlehem Steel Corp:							
*Five-platform articulated all-purpose Spine flatcars with retractable hitches for carrying trailers or containers - TTAX	T-5088-B	98	490	78081 - 78178	135,050	13,234,900	Sept. - Oct., 1989
Total		722	1,634			$ 45,087,555	

*Not subject to the cushioning requirements of the AAR interchange rules.
**F.O.B. Trinity Plant.

8/21/89

[P90923]

Annex C to
Conditional Sale Agreement

[CS&M Ref: 4020-138]

LEASE OF RAILROAD EQUIPMENT

(No. 31A)

Dated as of August 1, 1989

Between

TRAILER TRAIN COMPANY,

as Lessee,

and

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as Trustee

The rights and interests of the Trustee under this Lease are subject to a security interest in favor of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent for institutional investors. The original of this Lease is held by said Agent.

Lease of Railroad Equipment

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*This Table of Contents has been included in this document for convenience only and does not form a part of or affect any construction or interpretation of this document.

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1989, between TRAILER TRAIN COMPANY, a Delaware corporation ("Lessee"), and THE CONNECTICUT NATIONAL BANK, a national banking association, acting not in its individual capacity but solely as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof with OWNER named in Schedule A hereto ("Owner").

WHEREAS the Trustee is entering into a conditional sale agreement (the "CSA") with (four sellers of equipment) ("Sellers"), pursuant to which the Trustee has agreed to purchase and take delivery of the railroad equipment described in Schedule A hereto ("Equipment"); and

WHEREAS each Seller is assigning its interests in the CSA pursuant to an Agreement and Assignment ("CSA Assignment") to Mercantile-Safe Deposit and Trust Company, acting as Agent ("Vendor"), under a Participation Agreement dated as of the date hereof ("Participation Agreement") with the Lessee, the Trustee, the Owner and the investors named therein ("Investors"); and

WHEREAS the Lessee will lease from the Trustee all the units of the Equipment as are delivered and accepted under the CSA at the rentals and for the term and upon the conditions hereinafter provided (each such unit being hereinafter called "Unit");

WHEREAS the Trustee will assign certain of its rights under this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement ("Consent"); and

WHEREAS the parties intend that terms of this Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns and, as such, the capitalized terms used herein to define each of the parties shall also refer to the parties' respective successors and assigns.

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

SECTION 1.01. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as provided in Section 7.01 hereof, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Trustee, the Agent or the Investors, whether under this Lease, under the CSA or otherwise, including the Lessee's rights by subrogation thereunder against any manufacturer ("Manufacturer") of the Units, the Seller or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or bankruptcy, reorganization or similar proceeding against the Lessee, the Trustee or the Owner, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Trustee or the Vendor for any reason whatsoever.

SECTION 2.01. Delivery and Acceptance of Units. The Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessee shall be deemed to be a delivery to the Trustee under the CSA and shall also be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Trustee under the CSA. Upon such

delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Trustee under the CSA and itself hereunder whereupon such Unit shall, except as provided in the last paragraph of Article 3 of the CSA, be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will promptly execute and deliver to the Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Trustee on the date of such Certificate of Acceptance and is marked in accordance with Section 5 hereof. Without the prior written consent of the Trustee, the Lessee is not authorized to and may not accept any Units hereunder or under the CSA on behalf of the Trustee after it has actual knowledge of an Event of Default hereunder or of an event which with the lapse of time or giving of notice or both would constitute such an Event of Default (each such Event of Default and event being hereinafter "Default").

SECTION 3.01. Rentals. With respect to each of the Units subject to this Lease, the Lessee will pay to the Trustee the rentals shown in Schedule B hereto.

SECTION 3.02. As used herein, the term "Type" refers to the type of the different Units as shown in Schedule A hereto by the Lessee's reporting mark.

SECTION 3.03. (a) In addition, the Lessee will pay as additional rentals hereunder any amounts required to be paid as and when due pursuant to the next to the last sentence of paragraph (a) of Section 9 and the last sentence of paragraph (d) of Section 9 of the Participation Agreement, the annual fees, costs and disbursements of the Agent and the Trustee required by Section 12 of the Participation Agreement, any amount of Make Whole Premium at any time payable by the Trustee under the CSA.

(b) The Lessee will also pay as additional rent hereunder an amount determined by reference to interest on an advance payable by the Owner under Section ~~10 of the Tax~~ 9 Indemnity Agreement or by any member of the Owner Group or any assigns, agents or servants thereof under Section 6.03 hereof; such amount shall be paid by the Lessee six months prior to the date such interest is payable by the Owner or such other persons, as applicable, and shall be equal to the amount of any such interest payment discounted over a six month period at the then current prime lending rate (as announced from time to time by National Westminster Bank).

SECTION 3.04. The rentals shown in Schedule B hereto, the Casualty Values and Termination Values shown in Schedule C hereto and the Early Buy Out Amount (as defined in Section 7.08) have been calculated on the assumptions that (i) 26.52174% of the aggregate estimated unit price of the Units set forth in Schedule A hereto will be settled for on August 15, 1989, 22.60870% of such aggregate estimated unit price of the Units will be settled for on September 29, 1989, and the balance of such aggregate estimated unit price will be settled for on December 28, 1989, (ii) the fees and expenses payable by the Owner pursuant to Section 12 of the

(or other Treasury action of similar import and having the same force of law)

Participation Agreement will be equal to 1/2 of 1% of the aggregate Purchase Price of the Units, (iii) 77% of the aggregate Purchase Price will be financed by the Investors and (iv) no Change in Tax Law shall have occurred prior to the ~~settlement~~ date for any Units. The term "Change in Tax Law" means a change in the Internal Revenue Code of 1986, as amended (the "Code"), after August 27, 1989, the promulgation of new or revised, proposed, temporary or final Treasury Regulations, or the promulgation of revenue procedures, revenue rulings or other administrative publications announcing the intention of the Treasury to promulgate such Regulations, not including any such amendment, modification, deletion or change affecting a minimum tax or alternative minimum tax relating generally to the income of the Owner; provided, however, that there shall not be any adjustment for any Change in Law with respect to any Unit of Equipment unless the Lessor gives to Lessee notice of such Change in Law prior to delivery on the Delivery Date for such ~~Unit of~~ Equipment. If any of the foregoing assumptions proves to be incorrect, such rentals, Casualty Values, Termination Values and Early Buy Out Amount will be adjusted upward or downward by the minimum amount necessary so the Owner's after-tax ~~yield~~ aggregate after-tax cash flow ~~and the timing thereof~~ (such after-tax ~~yield~~ after-tax cash flow ~~and the timing thereof~~ being hereinafter called "Net Economic Return") (computed on the same assumptions, ~~including rates~~, as were originally utilized by the Owner in calculating the same, other than any changed assumptions resulting in any adjustment) shall at least equal the Net Economic Return that would have been realized in accordance with the original assumptions stated above assuming all such assumptions were true; provided, however, if any proposed Change in Tax Law for which there has been a rental adjustment is subsequently revoked (and not replaced by any substantially similar Change in Tax Law), the remaining rentals, Casualty Values, Termination Values and Early Buy Out Amount, to the extent applicable, shall be adjusted by the minimum amount necessary so the Owner's Net Economic Return (computed on the same assumptions, including rates, as were originally utilized by the Owner in calculating the same other than any changed assumption resulting in any adjustment) from the date of such revocation shall be at least equal to the Net Economic Return that would have been realized by the Owner in accordance with the original assumptions stated above assuming all such assumptions were true. Any dispute with respect to any adjustments made pursuant hereto shall be resolved in the same manner as disputes with respect to adjustments under the Tax Indemnity Agreement are to be resolved. If the aggregate pre-tax present value (computed at 9.48% compounded semiannually) of the increase in rentals occasioned by clause (iv) of this paragraph of this Section

3.04 with respect to any remaining settlement date is in excess of 125 basis points, then the Lessee shall have the option of not closing on the remaining settlement dates with respect to Equipment not previously accepted.

SECTION 3.05. Notwithstanding anything to the contrary set forth herein, (a) the rentals and the related Casualty Values, Termination Values, and Early Buy Out Amount, as adjusted pursuant to this Section 3, shall always be sufficient to satisfy the obligations of the Trustee under the CSA regardless of any limitation of liability set forth therein and the date on which any rentals, Casualty Value, Termination Value or Early Buy Out Amount is payable shall in any event be consistent with the Trustee's payment obligations under the CSA and (b) the Early Buy Out Amount shall never be reduced pursuant to Section 3.04. In no event shall the foregoing covenant be construed as a guarantee by the Lessee of the CSA Indebtedness.

SECTION 3.06. If any of the rental payment dates referred to above is not a business day (as such term is defined in Article 4 of the CSA), the rental payment otherwise payable on such date shall then be payable on the following business day, and no interest shall be payable for the period from and after the scheduled date for payment thereof to such following business day.

SECTION 3.07. For so long as the CSA shall remain in effect, the Trustee irrevocably instructs the Lessee to make all the payments due the Trustee provided for in this Lease (other than payments which by the express terms of Sections 6.01, 9.07, and 17.01 of this Lease are payable directly to the Trustee) to the Vendor, for the account of the Trustee, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Trustee under the CSA and the Participation Agreement due and payable thereunder on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing (but no longer than 180 days unless the Agent shall have issued a "Declaration of Default" as defined in the CSA), to pay any balance promptly to the Trustee or as directed by the Trustee in immediately available funds at such place as the Trustee shall specify in writing.

SECTION 3.08. The Lessee agrees to make each payment provided for herein as contemplated by this Section 3 in immediately available funds at or prior to 11:00 a.m. Baltimore time to the office of the Vendor (at 2 Hopkins Plaza, Baltimore, Maryland 21203, attention of Corporate

Trust Department) on the date due, or if the CSA shall no longer be in effect, at the office of the Trustee.

SECTION 3.09. In the event the Trustee fails to make any payment required to be made pursuant to clause (ii) of paragraph (d) of Section 9 of the Participation Agreement, the Lessee shall make such payment (such amount being herein called "Prepaid Rent"). So long as no Event of of Default has occurred and is continuing, the Trustee agrees to reimburse the Lessee immediately on demand for (x) the Prepaid Rent paid by Lessee plus (y) accrued interest thereon at the rate of 15% per annum from the later of the date such Prepaid Rent is paid by the Lessee or the date such Event of Default is no longer continuing to, but not including, the date of each such reimbursement (such amounts to be reimbursed being herein called the "Reimbursement Amount"). If the Trustee shall fail to pay the Lessee the Reimbursement Amount as provided above, and as long as no Event of Default has occurred and is continuing, the Lessee may, upon written notice to the Owner and Trustee, and without limitation to Lessee's rights against the Owner under the Participation Agreement, demand and sue for such Reimbursement Amount as well as offset (without duplication) against each succeeding payment (other than as limited by the last sentence of this Section) due from the Lessee to the Owner or the Trustee (except in its individual capacity) with respect to any Units owned by the Owner (including, without limitation, any rent payments due with respect to any renewal term, any purchase price payable to the Lessor pursuant to the Lessee's exercise of its termination options under the Lease, other payments due under this Lease, payments due under the Tax Indemnity Agreement, and any other amount due hereunder to the Owner or the Trustee (except in its individual capacity) until the Lessee has been fully reimbursed for the Reimbursement Amount. No such offset or aggregate combined effect of separate offsets shall reduce the amount of any rental payments to an amount insufficient, together with all other amounts of rent payable simultaneously by the Lessee, to pay in full the payments then required to be made on account of the CSA Indebtedness.

SECTION 4.01. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder as aforesaid and, subject to the provisions of Section 7, 10 and 13 hereof, shall terminate on June 14, 2010. Except for obligations of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations

under Sections 3, 6, 7, 9, 11, 14 and 18 hereof) shall survive the expiration of the term of this Lease.

SECTION 4.02. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

SECTION 5.01. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto and each platform constituting part of each Unit to be steel-stamped with the identifying number for such platform in a uniform location, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested by the Trustee or the Vendor in order to protect the Trustee's title to and the Vendor's security interest in such Unit and the rights of the Trustee under this Lease and of the Vendor under the CSA. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Trustee's interests in such Units and no other filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Trustee in such Units.

Units with reporting marks of NTTX or TTAX will bear the legend "Do not hump".

SECTION 5.02. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment under this Lease, and the Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

SECTION 6.01. Taxes. If for any reason the Lessee is required to withhold any amount from any rental payments provided for in Section 3.01 hereof, or any payment of Casualty Value or Termination Value, the Lessee shall notify the Owner of such withholding requirement at least 30 days prior to the date such payment is due. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold harmless the Trustee, both in its individual and trust capacities, the Owner, each affiliate of the ~~of the~~ Owner, the Vendor and the Investors and their respective successors, assigns, agents and servants ("Indemnified Persons") on an after-tax basis from all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon any such Indemnified Person or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof ~~of~~ any international taxing authority, upon or with respect to: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, registration, ~~renegotiation~~, transfer of registration, return or other disposition thereof or the imposition of any Lien (or the incurrence of any liability to refund or pay over any amount as the result of any Lien) on any such Unit or part thereof or interest therein; the rentals, receipts or earnings arising therefrom; or this Lease, the Lease Assignment, the Consent, the Trust Agreement, the Participation Agreement, the CSA or the CSA Assignment; any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Trustee under the Trust Agreement or by the Vendor under the CSA or otherwise in connection with the transactions contemplated by the Documents (all such taxes,

assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) in the case of the Owner, each Affiliate of the Owner and the Trustee in ~~US~~ its Trust capacity (the "Owner Group") (a)(x) any Taxes (other than ~~rules~~ sales or use taxes) of the United States or of any state or political subdivision thereof, imposed on or measured by the net receipts (including, without limitation, capital gains taxes, alternative minimum taxes and taxes measured by tax preference items) or net income of the Owner or (y) ~~Taxes on or measured~~ or by capital, stock value, intangibles or the net worth or other status of the Owner in the case of franchise or doing business taxes of the Owner to the extent such Taxes would not have been imposed but for the activities of the Owner Group that are unrelated to the transactions contemplated by the Documents, (b) any Taxes imposed by a foreign jurisdiction or political subdivision thereof or international ~~intentional~~ taxing authority to the extent such Taxes result solely from the activities of such Indemnified Person that are unrelated to the transactions contemplated by the Documents or relate to or are imposed by a foreign jurisdiction in which the Equipment was not physically present during the term of the Lease unless such Tax would not have occurred but for (1) any activities of the Lessee or other User of such Item of Equipment in or related to such jurisdiction, or (2) any payment made by the Lessee or other User of such Item of Equipment pursuant to any Document from such jurisdiction, and (c) any Taxes (other than sales or use taxes) to the extent based on or measured by net or gross income (including, without limitation, withholding on taxes ~~or~~ gross income, capital gains taxes, alternative minimum taxes, taxes measured by tax preference items and taxes on excess profits of the Owner) ("Income Taxes") imposed on a member of the Owner Group by any taxing authority within Canada or Mexico if such member of the Owner Group is already subject to an Income Tax in such jurisdiction without regard to the transactions contemplated by the Documents; provided, however, that this exception (c) shall not apply to the extent such Income Taxes (x) would have been imposed (1) even if such member of the Owner Group had not already been subject to an Income Tax in such jurisdiction or (2) had the Lessee been the Owner of the Item of Equipment with respect to which such Income Tax is imposed or ~~(y)~~ would not have been imposed but for any Item of Equipment having been used more than 183 days in any 12-month period in the jurisdiction imposing such Income Tax; (ii) in the case of any Indemnified Person other than a member of the Owner Group, any Taxes (other than sales or use taxes) of the United States or of any state or political subdivision thereof, or of any foreign jurisdiction or political subdivision thereof, imposed on or measured by gross receipts,

gross or net income (including, without limitation, withholding taxes on gross income, capital gains taxes, alternative minimum taxes and taxes measured by tax preference items) excess profits of such Indemnified Person or Taxes on or measured by capital, intangibles, stock value or net worth or other status of such Indemnified Person, in the case of franchise or doing business taxes, other than such Taxes to the extent imposed by any jurisdiction in which such Indemnified Person is not otherwise subject to tax and does not maintain a permanent establishment, office or other place of business, and in such case only to the extent such Taxes (x) do not exceed the Taxes that would have been imposed by such jurisdiction if the Tax solely were based on and measured by the transactions contemplated by the Documents and (y) are not actually utilized by such Indemnified Person as a credit against Taxes that are not indemnified against hereunder, and other than Taxes arising out of or imposed on or in respect of indemnification payments under this Lease; provided, however, that the provisions of the foregoing clause (i) and (ii) shall not be interpreted to limit the Lessee's obligations under the Tax Indemnity Agreement to pay any amount hereunder on an after-tax basis; (iii) in the case of any Indemnified Person any Taxes imposed as a result of (x) any voluntary transfer or voluntary disposition by such Indemnified Person (including a transfer under Section 338 of the Code if applicable) of any interest in any Unit, the CSA, any interest in rentals under the Lease, or any such Indemnified Person's rights or obligations under the Documents, in each case other than (1) pursuant to Section 10 hereof, or (2) in connection with a Casualty Occurrence or Termination (it being understood that any disposition or transfer of any of the Owner's rights, obligations or interests in the Equipment to or at the direction of the Lessee, the Agent or the Investor is not voluntary) or (y) any involuntary transfer or involuntary disposition of any such interests (1) resulting from the bankruptcy of the Indemnified Person unless as a result of the bankruptcy of the Trust Estate or (2) resulting directly from events unrelated to the transactions contemplated by the Documents; (iv) in the case of the Trustee or the Vendor, any Taxes imposed on or measured by any fees received by the Trustee or the Vendor; (v) in the case of any Indemnified Person, any Taxes which are imposed on or measured by the gross receipts, gross or net income of such Indemnified Person if and to the extent that such Taxes are specifically in substitution for or are specifically designed to reduce the Taxes payable by such Indemnified Person which the Lessee has not agreed to pay or indemnify against pursuant to this Section 6; (vi) any Taxes imposed on any Indemnified Person resulting from the gross negligence or willful misconduct of such Indemnified Person; (vii) any

(and not simultaneous with)

Taxes imposed with respect to events occurring or matters arising after the later of (A) the return of possession of the Units to the Owner pursuant to the terms of the Lease, or (B) the expiration or earlier termination of the term of the Lease except to the extent directly attributable to a failure of the Lessee to fully discharge its obligations under the Lease; (viii) any Taxes which are included in the Purchase Price, provided that such Taxes have been remitted to the proper taxing authorities; (ix) any Taxes which are imposed on any Indemnified Person to the extent resulting directly from the failure to perform any requirement imposed with respect to any return otherwise required to be filed by any such Indemnified Person (or any of its Affiliates) without regard to the transactions contemplated by the Documents, in connection with the preparation or filing of tax returns, the payment of its taxes or the conduct of any proceeding in respect thereof, except to the extent attributable to the failure of the Lessee to perform its obligations under this Section 6 or to perform its duties and responsibilities pursuant to the Documents including, without limitation, the obligations to make payments and prepare returns provided in this Section 6; (x) Taxes imposed on an Indemnified Person to the extent such Taxes would not have been imposed upon such Indemnified Person (or any of its Affiliates) but for any failure of such Indemnified Person or such Affiliate to comply with (a) certification, information, documentation, reporting or other similar requirements (each being a "Requirement") concerning the nationality, residence, identity or connection with the jurisdiction imposing such Taxes, if such compliance is required by statute or by regulation of the jurisdiction imposing such Taxes as a precondition to relief or exemption from such Taxes and the Indemnified Person or its Affiliate was eligible to comply with such Requirement or (b) any other Requirements under the Tax laws or regulations of the jurisdiction imposing such Taxes that would establish entitlement to otherwise applicable relief or exemption from such Taxes, and the Indemnified Person or such Affiliate was eligible to comply with such Requirement, provided that the exclusion set forth in this subclause (x) shall not apply (1) if such failure to comply was due to a failure of the Lessee (y) timely to notify such Indemnified Person or such Affiliate of such Requirement or (z) to provide reasonable assistance in complying with such requirement or (2) if, in order to comply with such Requirement, the Indemnified Person ~~of~~ such Affiliate would be required to make any inaccurate statement or (3) if by complying with such Requirement the Indemnified Person or such Affiliate might suffer any material adverse consequences for which the Indemnified Person or such Affiliate is not indemnified by the Lessee; (xi) any Taxes to the extent such Taxes would

(or)

have been imposed on an Indemnified Person even if it had not engaged in activities related to the transactions contemplated by the Documents; (xii) any Taxes for which Lessee has actually and fully paid or reimbursed, in accordance with the terms of any of the Documents, the Indemnified Person entitled to payment under this Section 6; and (xiii) penalties, interest or additions to tax to the extent resulting from Taxes which are not indemnifiable hereunder; provided, however, that this exclusion (xiii) shall not apply to the pro rata portion of any penalties, interest or additions attributable to Taxes indemnified hereunder; provided further, however, that, except as provided below, the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the next succeeding paragraph; provided further, however, that if the Lessor is obligated to make a payment under this Section 6 by reason of a breach by the Indemnified Person or any Affiliate thereof of any of such Indemnified Person's representations, warranties, duties and obligations under any of the Documents to which it is a party, this Section 6 shall not be construed to limit the Lessee's ability to include the amount of such obligation as damages due and owing by reason of such breach, and the liability of the Lessee to indemnify hereunder shall in no way be construed as limiting any rights or remedies to which the Lessee may otherwise be entitled in the event of any such breach.

SECTION 6.02. Except as provided herein, the Lessee shall pay all Taxes subject to indemnification under this Section 6 for which it is required to file a return prior to the latest time permitted by the relevant taxing authority for timely payment. In the case of a Tax subject to indemnification under this Section 6 for which the Lessee is required to file a return, when the Lessee resists payment and while the Lessee is contesting such Tax in accordance with this Section 6, the Lessee shall pay such Tax (in the amount finally determined to be owing in such contest) prior to the latest time permitted by the relevant taxing authority for timely payment after a Final Determination (as defined below). In the case of a Tax subject to indemnification under this Section 6 for which no return is required to be filed by the Lessee, the Lessee shall pay such Tax to the appropriate Indemnified Person within 15 days after receipt of a demand in writing that specifies in reasonable detail the payment and the facts upon which the right to payment is based, but not prior to the later of (i) 15 days before the due date (ignoring extensions of time) for payment of such Tax by the Indemnified Person, and (ii) in the case of a Tax whose payment is being contested in accordance with this Section 6, a Final Determination (which shall mean (i) a decision, judgment, decree or other order by any court of

competent jurisdiction that resolves the matter, which decision, judgment, decree or other order has become final (i.e., the earliest of when all allowable appeals have been exhausted by either party to the action or the time for filing such appeal has expired or such Indemnified Person has notified the Lessee in writing that it does not intend to take such appeal, it being understood that such Indemnified Person shall not be required to pursue such appeal), (ii) a closing agreement entered into under Section 7121 of the Code (or any successor provision) or any other settlement agreement entered into in connection with the ~~the~~ administrative or judicial proceedings, in any case with Lessee's consent, (iii) the expiration of the time for instituting an initial suit with respect to a claimed deficiency or for instituting a claim for refund, or, if a refund claim was filed, the expiration of the time for instituting suit with respect thereto or (iv) the point in time when the Indemnified person is no longer required to contest (or allow the Lessee to contest) the imposition of such Tax pursuant to Section 6.03.

SECTION 6.03. If any written claim is made against any Indemnified Person for any Taxes indemnified against under this Section 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing within 60 days or receipt of such notice (or, if sooner, and if such date is disclosed to the Lessee in the Indemnified Person's notification to the Lessee, on or before the last date upon which a contest of ~~a~~ such tax can be initiated), such Indemnified Person shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee (it being understood that such indemnity is not intended to expand the scope of Lessee's indemnification obligations with respect to liabilities specifically dealt within this Section 6), contest in good faith the validity, applicability or amount of such Taxes by, in the case of a contest involving only Taxes for which the Lessee is liable (a "Lessee Controlled Contest"), in the Lessee's sole discretion, or, in the case of any other contest (an "Indemnified Person Controlled ~~Contest~~"), in such Indemnified Person's sole discretion, (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both; provided, however, that in no event will such Indemnified Person be required to contest or continue to contest the imposition of any Tax for which the Lessee is obligated pursuant to this Section 6 unless (w) no Event of Default

shall have occurred and be continuing, (x) such Indemnified Person and the Owner shall have reasonably determined that the action to be taken will not result in any material danger of sale, forfeiture or loss of, or the creation of any Lien (except if the Lessee shall have adequately bonded such Lien, or otherwise made provision to protect the interests of such Indemnified Person and the Owner in a manner reasonably satisfactory to such Indemnified Person and the Owner) on any Item of Equipment, (y) if such contest shall involve payment of the claim, the Lessee shall advance the amount thereof plus (to the extent indemnified under Section 6.01) interest, penalties and additions to tax with respect thereto to such Indemnified Person on an interest-bearing basis in accordance with the next sentence of this Section 6.03 and (z) the amount of all claims with respect to the audit at issue exceeds $5,000. ~~If an Indemnified Person contests Taxes by making payment~~ thereof and attempting to obtain a refund, the Lessee shall advance to such Indemnified Person the amount that the Lessee would otherwise be required to pay to such Indemnified Person pursuant to this Section 6 if a Final Determination were made that such ~~Indemnified Person is liable for the amount of the payment made.~~ Each such advance shall bear interest at the rate necessary to prevent such advance from being characterized as a below-market loan under Section 7872 of the Code (or any successor provision) which interest payments shall be due in arrears at the conclusion of each six month interest period. Unless the Indemnified Person has repaid any advance pursuant to the last sentence of this Section 6.03, on the day that is ten years after the Lessee advances funds to the Indemnified Person pursuant to this Section 6, the Indemnified Person shall repay to the Lessee any such advance; provided, however, that if the Indemnified Person is required to repay such advance prior to a Final Determination of the underlying liability for the Taxes for which such advance was made, the Lessee shall be obligated, within 5 days of such repayment, to advance to the Indemnified Person an amount equal to such repayment on an interest-free basis, and at no net after-tax cost to such Indemnified Person. In a Lessee Controlled Contest, the Lessee may also contest, if permitted by applicable law, at its own expense, the validity, applicability or amount of such Taxes in the name of such Indemnified Person; provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such Indemnified Person in any such proceeding or action) (a) without the prior written consent of such Indemnified Person, such consent not to be unreasonably withheld (provided that it is understood that such Indemnified Person may impose reasonable conditions relating to the commencement and conduct of such contest as a condition to

(in which case such agreement by the Indemnified Person shall be treated as a Final Determination and the Lessee shall indemnify the Indemnified Person for such amount);

granting its consent), and (b) unless the conditions stated in clauses (w), (x) and (y) of the First sentence of this Section 6.03 are satisfied. In the case of any contest brought by the Lessee in accordance with the preceding sentence, the Indemnified Person shall cooperate with the Lessee by, at the Lessee's cost, providing to the Lessee all documents, reports and other information reasonably necessary in connection therewith and not involving the disclosure of proprietary information of a competitive or sensitive nature. An Indemnified Person will in good faith consult with the Lessee and its counsel regarding the conduct of any administrative or judicial contest and will not enter into any settlement or compromise with respect to any Tax that such Indemnified Person is required to contest hereunder that would give rise to an indemnifiable Tax under this Section without Lessee's prior written approval. In the event the Indemnified Person effects a settlement or compromise of any such contest, or otherwise terminates any such contest, without such prior written consent of the Lessee, such Indemnified Person shall pay to the Lessee an amount which shall equal the amounts theretofore paid by the Lessee pursuant to this Section 6 in respect of such claim; provided, however, that such amounts shall not include costs and expenses paid by the Lessee relating to such contest. If in the course of contesting a claim for Taxes the Lessee believes that the appropriate taxing authority might compromise a proposed adjustment, the Lessee shall advise the Indemnified Person of the terms of the settlement proposal that the Lessee is then willing to make, and upon receipt of such notice the Indemnified Person will explore such settlement proposal with the relevant taxing authority. If a settlement proposal relates solely to Taxes for which the Lessee is liable hereunder and is acceptable to both the Lessee and the taxing authority, the Indemnified Person shall agree to the settlement proposal; provided, however, that the Indemnified Person shall not be obligated to formally propose or agree to a settlement if the Indemnified Person agrees that the amount of any Taxes in respect of such proposed claim shall be treated as the amount of such Taxes which would have been required if the settlement proposal had been made and accepted; provided further, however, that an Indemnified Person may in its sole discretion accept or reject any such settlement proposal unless the Lessee, after receiving 5 days prior written notice from such Indemnified Person regarding the terms of such settlement proposal, acknowledges liability for the claim that is the subject of such settlement proposal. Notwithstanding anything contained in this Section 6.03, an Indemnified Person will not be required to contest the imposition of any Tax or agree to the settlement of any claim it would otherwise be required to contest or settle if such Indemnified Person

(15)

(a) shall waive its right to indemnity under this Section 6 with respect to such Tax (and any related claim and any claim and any related claim made by a taxing authority with respect to other taxable years that is based, in whole or in part, on the resolution of such claim or such related claim, the contest of which is materially prejudiced by the resolution of such proposed adjustment, it being understood that the mere settlement of the claim (in the absence of, for example, legal authority, administrative practice or other similar authority to the contrary) shall not be considered materially prejudicial), and (b) shall pay to the Lessee any amount previously paid or advanced by the Lessee pursuant to this Section 6 with respect to the claim for such Tax that is being contested (which amount shall not include costs and expenses previously paid by the Lessee with respect to such contest). Upon a Final Determination of any contest in respect to which the Lessee shall have advanced funds to an Indemnified Person then, to the extent such Final Determination is adverse, Lessee shall indemnify such Indemnified Person to the extent provided by this Agreement, and within 30 days after such Final Determination, such Indemnified Person shall offset from any funds advanced by the Lessee the amount for which the Lessee is required to indemnify such Indemnified Person and then shall, if excess remains repay to Lessee ~~the~~ funds advanced by Lessee, together with any related interest received (or saved) by such Indemnified Person as a result of such refund or Credit to the extent of such excess.

SECTION 6.04. Any payment which the Lessee shall be required to make to or for the account of any Indemnified Person with respect to any Tax which is subject to indemnification under this Section 6 shall (A) reflect any actual current savings (but only up to the amount of the Tax for which such Indemnified person is being indemnified) of such Indemnified Person resulting by way of deductions, credits or other tax benefits attributable to the payment (or accrual) of such indemnified Tax unless such deduction or credit or other tax benefit was taken into account in computing the payment which the Lessee is required to make with respect to any Tax which is subject to indemnification under this section by way of a deduction or credit against such Tax and (B) include the amount necessary to hold such Indemnified Person harmless on an after-tax basis from the amount of any federal, state, local or foreign taxes required to be paid by such Indemnified Person as the result of any such payment (it being understood that if the amount of such federal, state, local or foreign taxes payable, or the amount of any tax savings realized by an Indemnified Person as the result of making any payment required to be made to the Lessee pursuant to this Section 6.04, is less than the amount that would have been payable or realized had such

Indemnified Person not been in a net operating loss position or subject to minimum taxes (or other similar situations reducing such taxes payable by such Indemnified Person), then appropriate payments shall be made by Lessee (or, if applicable, by such Indemnified Person) to such Indemnified Person (or, if applicable, to the Lessee) in subsequent years to that such Indemnified Person (or, if applicable, the Lessee) receives the full benefit of payments otherwise payable hereunder). If, by reason of any Tax payment made to or for the account of an Indemnified Person by the Lessee pursuant to this Section 6, such Indemnified Person currently or subsequently receives a refund (or any amount representing interest thereon), or realizes a tax benefit, savings, deduction or credit (including foreign tax credit) not previously taken into account in computing such payment, such Indemnified Person shall promptly pay to the Lessee an amount equal to the sum of (I) the actual net reduction in Taxes, if any, realized by such Indemnified Person which is attributable to such deduction or credit (or, if applicable, the amount of such refund or interest net of expenses) and (II) the actual reduction in any Taxes realized by such Indemnified Person as the result of any payment made by such Indemnified Person pursuant to this sentence; provided, however, that such Indemnified Person shall not be obligated to make payment pursuant to this Section 6.04 to the extent that the amount of such payment would exceed (x) the amount of all prior indemnity payments excluding all costs, expenses and advances relating to any contest made by the Lessee pursuant to this Section 6, less (y) the amount of all prior payments by such Indemnified Person to the Lessee hereunder (any such excess to be carried forward to reduce any subsequent obligations of the Lessee to indemnify such Indemnified Person); provided further, however, that the subsequent loss of any such tax benefit, savings, deductions or credit realized by the Indemnified Person shall be treated as a Tax for which the Lessee must indemnify such Indemnified Person pursuant to Section 6.01 without regard to exceptions (i), (iii), (vii) and (xi) therein. For purposes of the preceding sentence, items of foreign tax of any Indemnified Person shall be deemed to be utilized by such Indemnified Person as credits or deductions for Federal income tax purposes for any taxable year in accordance with the following priorities:

First, all available foreign taxes other than those described in the next two clauses of this sentence;

Second, all available foreign taxes attributable to any leasing or similar transaction entered into by such Indemnified Person or any member of any affiliated

group (within the meaning of Section 1504 of the Code) filing a consolidated federal income tax return which includes the income of such Indemnified Person (the "Indemnified Group") with a person other than the Lessee and for which such member of such Indemnified Group was indemnified or held harmless by anyone in such transaction (other than a transaction (x) described in the next clause of this sentence or (y) in which the foreign tax credit ordering rules provide that foreign tax credits attributable to such transaction shall be taken into account ahead of other transactions in which such member of the Indemnified Group is being indemnified) on a pari passu basis with any foreign tax credits attributable to any tax payment made to or for the account of such Indemnified Person pursuant to this Section 6; and

Third, all available foreign taxes attributable to any transaction entered into by any member of any Indemnified Group for which such member was indemnified or held harmless by anyone in such transaction and in which the tax credit ordering rules applicable to such indemnification specifically provide that foreign taxes attributable to such transaction shall be taken into account last (and not on a pari passu basis as hereinabove stated).

SECTION 6.05. In case any report or return is required to be made with respect to any obligation of the Lessee under this Section 6 or arising out of this Section 6, the Lessee shall either make such report or return in such manner as will show the interests of the Trustee or, if applicable, the Owner in the Units and, if requested, shall promptly provide a copy thereof to the Trustee or, if applicable, the Owner, or if not permitted by law to file the same shall promptly notify the Trustee, the Owner and the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Trustee, the Owner and the Vendor. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee. If an Indemnified Person has actual notice that a report, return, statement, or other information is required with respect to any Tax other than Taxes required to be reported on a return in the name of such Indemnified Person or any of its Affiliates reporting transactions other than those contemplated by the Documents, or that a taxing authority has made a claim for payment of such Tax, it shall promptly so notify the Lessee, shall furnish the Lessee with copies of the relevant portions of all written communications from any taxing authority relating to such Tax, and, if requested by the

Lessee, shall request such taxing authority to contact the Lessee regarding such information relating to the transactions contemplated by the Documents.

SECTION 6.06. All the obligations of the Lessee and each Indemnified Person under this Section 6 shall survive and continue, notwithstanding termination of this Lease. All amounts payable by the Lessee pursuant to this Section 6 shall be payable directly to the Indemnified Person entitled to indemnification, except to the extent paid to a governmental agency or taxing authority.

SECTION 6.07. The Lessee shall furnish promptly, upon request, such information and data as are normally available to the Lessee and which the Vendor or the Owner reasonably may require to permit compliance with the requirements of any taxing authorities.

Section 6.08 Notwithstanding anything in this Lease or in any of the other Documents to the contrary, if, on the date any payment is required to be made by either party under this Section 6, there shall have occurred and be continuing a Default or an Event of Default with respect to the obligations of the payee hereunder, then such payment shall not be required unless and until the payee shall have cured such Default or Event of Default.

SECTION 7.01. Casualty Occurrences; Terminations and Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Lease, ("Casualty Occurrence") during the term of this Lease or until such Unit shall have been returned in the manner provided in Section 11 or Section 14 hereof, the Lessee shall within 60 days after the Lessee has determined that a Casualty Occurrence has occurred notify the Trustee and the Vendor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of notice, on the following rental payment date, or, in the event the term of this Lease has already expired or will expire within 15 days after delivery of such notice, on a date within 15 days of such delivery) ("Casualty Payment Date"), the Lessee shall pay to the Trustee on such Casualty Payment Date a sum equal to the Casualty Value of

such Unit as of such Casualty Payment Date plus any arrears rent due in respect of such Unit. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of such Casualty Payment Date, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Trustee shall be entitled to recover possession of such Unit. If the Casualty Payment Date shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term, but, in addition to paying the Casualty Value for such Unit, the Lessee shall pay interest thereon from the end of such term to the Casualty Payment Date at the rate of 9.48% per annum.

SECTION 7.02. The Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value and accrued rentals to the Trustee and is not in default hereunder or an event which after notice or lapse of time or both would become a default hereunder and is not continuing, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit and accrued rentals, and shall pay any excess, less reasonable expenses incurred in connection therewith, to the Trustee. All proceeds due to the Lessee in respect to any AAR interline settlement in respect of a Casualty Occurrence shall be for the account of the Lessee provided the Lessee has paid the Casualty Value in respect thereof and accrued rentals; but if the Lessee fails to so pay such Casualty Value, all such proceeds shall be for the account of the Trustee to the extent of the Casualty Value and accrued rentals.

SECTION 7.03. The Casualty Value of each Unit as of the Casualty Payment Date for each such Unit shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule C hereto opposite such date.

SECTION 7.04. In the event of the requisition for use by the United States Government (the "Government") of any Unit during the term of this Lease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease, the Lessee shall be obligated to return such Unit to the Trustee pursuant to Section 11 or

Section 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease; but the Lessee shall in all other respects comply with the provisions of said Section 11 or Section 14, as the case may be, with respect to such Unit. All payments received by the Trustee or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Trustee or the Lessee from the Government for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Trustee.

SECTION 7.05. Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

SECTION 7.06. In the event that the Lessee shall, in its sole good faith opinion as evidenced by a certificate of an officer of the Lessee, determine that all and not less than all of the Units of any Type have become obsolete or surplus, the Lessee shall have the right, at its option and on at least 120 days', but not more than 360 days', prior written notice to the Trustee, to terminate (herein called a "Surplus Termination") this Lease as to such Units as of any succeeding rent payment date specified in such notice (the "Termination Date"); provided, however, that (i) the Termination Date shall be after December 31, 1999, (ii) no Default shall have occurred and be continuing and (iii) on the Termination Date each such Unit shall be in the same condition as if being redelivered pursuant to Section 14 hereof.

SECTION 7.07. During the period from the 30th day after the giving of such notice until the fifth business day preceding any Termination Date, the Lessee shall (unless such Termination shall be a Buyout Termination, as such term is defined in Section 7.08) use its best efforts to obtain bids for the purchase of all Units subject to such Termination, and the Lessee shall at least five business days prior to such Termination Date certify to the Trustee the amount of each such bid and the name and address of the party (which shall not be a corporation or individual controlling, controlled by or under common control with the Lessee ("affiliate") or any party from whom the Lessee or any such affiliate intends thereafter to lease or acquire such Unit) submitting such

bid. The Trustee or the Owner may, but shall not be obligated to, solicit such bids. On such Termination Date the Trustee shall sell all such Units for cash to the bidder who shall have submitted the highest bid prior to such Termination Date, other than a bidder which is related to or affiliated with the Lessee or has any arrangement with the Lessee with respect to such Units. The total sale price realized at each such sale shall be applied to the prepayment of the CSA Indebtedness in accordance with Article 7 of the CSA and any balance shall be retained by the Trustee.

SECTION 7.08 The Lessee shall have the right, at its option and on at least 180 days', but not more than 360 days', prior written notice to the Trustee, to terminate (herein called a "Buy Out Termination"; Buy Out Terminations and Surplus Terminations are sometimes herein called "Terminations") this Lease as to all but not less than all the Units of any Type as of June 15, 2007 ("Termination Date"); provided, however, that no Default shall have occurred and be continuing on the Termination Date. Upon a Buy Out Termination, the Lessee may purchase all, but not less than all, Units of any such Type for 50.15% of their original Purchase Price ("Buy Out Amount").

SECTION 7.09. On any Termination Date, the Lessee shall pay to the Trustee (i) any rental payment due in arrears on such Termination Date, (ii) in the case of a Termination (other than a Buyout Termination), the excess, if any, of the Termination Value for each such Unit computed as of such date over the sale price of such Unit received by the Trustee (pursuant to Section 7.07) after the deduction of all expenses incurred by the Trustee in connection with such sale, and (iii) an amount equal to the applicable prepayment premium, if any, payable pursuant to Article 7 of the CSA on such date in respect of the CSA Indebtedness to be prepaid by the Trustee on such date. The Termination Value of each such Unit as of the payment date on which payment is to be made shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule C hereto opposite such date. In no event shall the aggregate amount retained by the Trustee and received by the Trustee as aforesaid be less than the applicable CSA Termination Value (as defined in the CSA) as of such date.

SECTION 7.10. If no sale or retention pursuant to Section 7.12 hereof shall occur on the date scheduled therefor as provided above, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Trustee all applicable amounts specified in Section 7.09 for each Unit subject to the Termination and

returns each such Unit to the Trustee pursuant to Section 14 hereof.

SECTION 7.11. In the event of any such sale and the receipt by the Trustee of the applicable amounts specified in Section 7.09, the obligation of the Lessee to pay rent pursuant to Section 3 hereof in respect of such Unit on each rental payment date shall continue to and including the Termination Date but shall then terminate, and the Lessee shall not be required to pay any advance rental. The Trustee shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Trustee's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Trustee as provided pursuant to Section 7.07. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Trustee's acts, excluding any acts giving rise to claims with respect to which the Lessee has agreed to indemnify the Trustee hereunder.

SECTION 7.12. If the Lessee shall exercise its option to terminate as to any Unit pursuant to Section 7.06, the Trustee may, notwithstanding Section 7.07, by written notice to the Lessee given within 90 days after the termination notice is given to the Trustee, elect to retain such Unit, in which case the Lessee shall not be obligated to pay the Termination Value to the Trustee; provided, however, that this Lease shall not terminate as to, and the Trustee may not retain, such Unit unless the CSA Indebtedness in respect of such Unit is prepaid by the Trustee on the Termination Date as required pursuant to Article 7 of the CSA. In the event the Trustee shall so elect to retain such Unit, the Lessee shall deliver such Unit to the Trustee in accordance with the provisions of Section 14 hereof.

SECTION 7.13. The Lessee shall at all times while this Lease is in effect cause to be carried and maintained public liability insurance with respect to each Unit in such amounts, with such deductibles and against such risks as are customarily insured against and with such insurance companies of recognized responsibility as is usually carried by businesses of established reputation engaged in the same or similar business as the Lessee and similarly situated, and in any event, in amounts not less than and against such risks so as to be no less protective than the insurance, if any, maintained by the Lessee with respect to similar equipment owned or leased by the Lessee. Each policy with

respect to such insurance shall (i) name the Trustee, both in its individual and trust capacity, the Owner and the Agent as additional insureds, as their respective interests may appear, (ii) not require premiums, commissions and assessments from any additional insured, (iii) not require contribution from any other insurance coverage purchased by any additional insured, (iv) provide that no cancellation or material change shall be effective as to any insured until at least 30 days after the Trustee's, the Owner's and the Agent's receipt of written notice thereof, and (v) waive any right of subrogation against any additional insured. The Lessee shall, on or before May 1 of each calendar year commencing with 1990 and from time to time upon request of the Trustee, the Owner or the Vendor, furnish appropriate evidence of all insurance maintained hereunder. The Trustee, the Owner and the Vendor shall each have the right (but shall have no duty to) to maintain at its expense any casualty insurance on the Equipment for the purpose of protecting the fair value of the Units, provided, that such casualty insurance would not in any way impair any insurance required to be maintained by the Lessee hereunder. The parties hereto shall cooperate with each other to effectuate the purposes of the preceding sentence.

SECTION 8.01. Reports. On or before May 1 in each year, commencing with the calendar year 1990, the Lessee will furnish to the Trustee, the Owner and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or, in the case of the first such statement, since the date of this Lease (specifying the dates of such Casualty Occurrences) and such other information regarding the condition and state of repair of the Units as the Trustee, the Owner or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 5 hereof and the CSA have been preserved or replaced. The Trustee shall have the right (but not any obligation) by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Trustee may request during the continuance of this Lease.

SECTION 8.02. The Lessee will at its expense prepare and deliver to the Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Trustee) any and all reports (other than income tax returns except as provided in

Section 6 hereof) to be filed by the Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Trustee or the Vendor of the Units or the leasing thereof to the Lessee.

SECTION 9.01. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE TRUSTEE DOES NOT MAKE, HAS NOT MADE OR SHALL NOT BE DEEMED TO MAKE OR HAVE MADE, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, VALUE, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND THE TRUSTEE DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Trustee and the Lessee, are to be borne by the Lessee; but the Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease, so long as no Event of Default shall have occurred and be continuing, to assert and enforce from time to time, in the name of and for the account of the Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights (including warranty or similar claims) the Trustee may have against the Seller or the Manufacturer(s) of any Units or any components thereof. The Lessee shall be obligated to assist diligently with respect to any such claims and to use the proceeds, if applicable, for the repair or restoration of the Units affected thereby. The Trustee shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith including strict liability in tort; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Trustee that the Units described therein are in all the foregoing respects satisfactory to the Lessee; and the Lessee will not assert any claim of any

nature whatsoever against the Trustee based on any of the foregoing matters.

SECTION 9.02. The Lessee will, for the benefit of the Trustee, the Owner and the Vendor, comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which operations involving the Units may extend, with the Rules of the Association of American Railroads (except as indicated in Schedule A hereto) and with all lawful rules of the United States Department of Transportation , the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units (all such laws and rules to such extent being hereinafter called "Applicable Laws") and in the event that Applicable Laws require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may upon written notice to the Trustee and the Vendor, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the opinion of the Trustee or the Vendor, adversely affect the property or rights of the Trustee or the Vendor, respectively, under this Lease or under the CSA.

SECTION 9.03. The Lessee shall, at its own cost and expense, maintain and keep, or cause to be maintained and kept, each Unit (including any Parts (as defined in Section 9.06) installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in such condition as the Lessee would, in the prudent management of its own business, maintain and use similar equipment owned or leased by the Lessee, consistent with prudent industry practice but in any case so as to maintain each Unit in good operating order, repair and condition, ordinary wear and tear excepted.

SECTION 9.04. The term "Units" as used in this Lease shall not include any special devices, racks (including, but not limited to, automobile-carrying superstructures) or assemblies at any time attached to any Unit, the cost or purchase price of which is not included in the Purchase Price of the Units or the title to which is in a person other than the Trustee (all of which are hereinafter called "Property Owned by Others"). The Trustee and the Lessee recognize that such special devices, automobile-carrying superstructures and other assemblies may be attached to the Units and may be owned and financed by persons other

than the Trustee or the Lessee. The Trustee expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, automobile-carrying superstructures and other assemblies to the Units, that the Trustee has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Trustee and the Vendor, remove such special devices, automobile-carrying superstructures and other assemblies from the Units. The Lessee represents and warrants that it will, at the time of termination of this Lease (i) cause all Property Owned by Others to be removed from the Units, (ii) repair all damage, if any, caused by such removal, and (iii) after such removal, the value or utility of the Unit to which it was attached will not be diminished or impaired from what such value or utility would have been if such Property of Others had not been attached thereto.

SECTION 9.05. The Lessee and its affiliates, at their own cost and expense, may from time to time make such other alterations, modifications and additions at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units and shall not diminish the useful life, value, utility or condition of the Units below the useful life, value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that, without the prior written consent of the Trustee, no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto or without diminishing or impairing the useful life, value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

SECTION 9.06. Title to all Parts (as hereinbelow defined) incorporated in or installed as part of a Unit shall without further act vest in the Trustee and be subject to a valid first lien and prior perfected security interest under the CSA in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part

of such Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of such Unit pursuant to the terms of Section 9.02 or Section 9.03, or (iii) notwithstanding the provisions of Section 9.05, such Part cannot be readily removed from such Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and Section 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit other than Property Owned by Others.

SECTION 9.07. The Lessee shall pay, and shall protect, indemnify and hold each Indemnified Person, harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses including without limitation attorneys' fees and expenses of any Indemnified Person relating thereto) in any way relating to or arising or alleged to arise out of this Lease, the Participation Agreement, the CSA or any other agreement contemplated hereby, or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort or by statute imposed; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Trustee, the Lessee or any other person) or resulting or alleged to result from the condition

of any thereof; (vi) any misrepresentation by the Lessee under this Lease or the Participation Agreement or any violation, or alleged violation, of any provision of this Lease, the Participation Agreement or any other Lessee Document (except by the person seeking indemnity) or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Trustee's obligations under the Lease Assignment, the CSA or the Participation Agreement, except to the extent such claim arises from an act or omission of the party claiming indemnification; (viii) any claim arising out of the Vendor's holding a security interest under the CSA or the Lease Assignment or (ix) any amendment, modification, waiver or consent requested by or consented to by the Lessee or (x) the offer, sale or delivery of the CSA Indebtedness or any indebtedness issued in replacement thereof or (xi) any offer or sale of any equity interest in this transaction by or on behalf of the Lessee prior to the commencement of this Lease (all of which matters hereinabove set forth in this paragraph being hereinafter called "Indemnified Matters"). All payments hereunder shall be made directly to the Indemnified Person irrespective of whether an Event of Default shall have occurred hereunder. The Lessee shall be obligated under this Section 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this Section 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this Section 9, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect

of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Section 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, it shall be subrogated to any right of such Indemnified Person in respect of the Indemnified Matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this Section 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

SECTION 9.08. The indemnities contained in this Section 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this Section 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee or the Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of the payment of any installments of principal or interest payable under the CSA or a guarantee of the residual value of the Equipment.

SECTION 10.01 Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. payment of any part of the rental provided in Section 3 or Section 13 hereof or payment in respect of any Casualty Occurrence or Termination pursuant to Section 7 hereof shall not be made by or on behalf of the Lessee and such failure to make payment shall continue for 5 business days; or

B. default shall be made in the observance or performance of any other of the material terms (including payment of insurance premiums), covenants and conditions on the part of the Lessee contained herein or in the Participation Agreement or the Consent, and such default shall continue for 30 days after written notice from the Trustee or the Vendor to the Lessee (but with respect to any payment due directly to the Trustee or the Owner including amounts of interest payable as additional rent in accordance with the terms of the Tax Indemnity Agreement, such notice may be sent only by the Owner) specifying the default and demanding that the same be remedied, unless such default is capable of being cured, action has been taken within such 30 day period to commence such cure and such action is being diligently pursued (but in any event not longer than 180 days); or

C. any representation or warranty made by the Lessee herein or in the Consent or in the Participation Agreement or in any agreement, document or certificate required to be delivered by the Lessee pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or given and the Lessee shall not remedy the situation in a manner satisfactory to the Trustee within 30 days after written notice thereof from the Trustee, unless such breach is capable of being cured, action has been taken within such 30 day period to commence such cure and such action is being diligently pursued (but in any event not longer than 180 days); or

D. any 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 under this Lease, the Participation Agreement or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements , compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding 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, under the Participation Agreement or under the Consent, as the case may be, shall not be and shall not continue to be duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject

to ratification) 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 as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

E. an event of default set forth in Article 15 of the CSA shall have occurred resulting directly from any default by the Lessee in performing any of its obligations hereunder or under the Participation Agreement;

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

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

(b) by notice in writing to the Lessee terminate this Lease with respect to any or all of the Units, whereupon all rights of the Lessee to the use of such Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Trustee may by its agents enter upon the premises of the Lessee or other premises where any of such Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) in respect of such Units and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Trustee, in its sole discretion, shall specify: (x) a sum with respect to each such Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit

which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Trustee reasonably estimates to be obtainable for each such Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value of each such Unit as of the rental payment date on or next preceding the date of termination over the amount the Trustee reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Trustee shall have sold any such Unit, the Trustee, in lieu of collecting any amounts payable to the Trustee by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay to the Trustee, and the Lessee shall pay to the Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

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

SECTION 10.02. The remedies in this Lease provided in favor of the Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all

existing or future claims to any offset against the rental payments due hereunder and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

SECTION 10.03. The failure of the Trustee to exercise, or the delay by the Trustee in exercising, the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies; and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Trustee.

SECTION 10.04. The Lessee also agrees to furnish the Trustee, the Owner and the Vendor, promptly upon any responsible officer's acquiring actual knowledge of any condition which constitutes an Event of Default hereunder or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 10, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 11.01. Return of Units Upon Default. If this Lease shall terminate in respect of any of the Units pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of such Units to the Trustee and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Trustee pursuant to this Section 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Trustee pursuant to Section 9 hereof and have removed therefrom at Lessee's expense any Part or Addition title to which is in the Lessee or any other person pursuant to such Section 9 and any Property Owned by Others, and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads (except as set forth in Schedule A hereto), if applicable, or such comparable standards as may then be in effect. For the purpose of delivering possession of any

such Unit or Units to the Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Trustee and there assembled,

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

(c) cause such Units to be moved to such interchange point or points as shall be designated by the Trustee upon any sale, lease or other disposal of all or any of such Units.

The assembling, delivery, maintenance, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee (and the Lessee will during this period maintain the insurance required by Section 7 of this Lease to be maintained) and are of the essence of this Lease; and, upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. In the event that any of the Units are sold, the Lessee shall pay to the Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

SECTION 11.02. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

SECTION 12.01. Assignment; Sublease; Possession and Use. This Lease shall be assignable in whole or in part

by the Trustee to another trustee without the consent of the Lessee; but the Lessee shall be under no obligation to any assignee of the Trustee other than the Vendor except upon written notice of such assignment from the Trustee. All the rights of the Trustee hereunder and obligations of the Lessee (including, but not limited to, the rights under Sections 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and the Trustee's assigns.

SECTION 12.02. So long as no Event of Default or event of default exists hereunder or under the CSA and the Lessee shall have fully complied with the provisions of this Section 12, the Lessee shall be entitled to the possession of the Units and also to sublease, for a term which does not exceed the term of this Lease, the Units to, or to permit their use under the terms of car contracts by, a sublessee or user incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof) or Mexico, upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province thereof) or Mexico, or over which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States, only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases, uses or permits the use of any Unit in Canada (or any Province or Territory thereof) or Mexico, the Lessee shall, except as otherwise provided in Section 15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Trustee and the Vendor in the Units to be so subleased or used and (b) furnished the Trustee and the Vendor with an Opinion of Canadian counsel or Mexican counsel, as the case may be, satisfactory to the Trustee and the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Trustee and the Vendor in such Units.

SECTION 12.03. Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Vendor under the CSA and the Trustee under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder.

SECTION 12.04. The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease or car contract as aforesaid and other than an encumbrance resulting from claims against the Trustee or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Trustee, the Owner, the Vendor or the Lessee therein. The Lessee shall not, without the prior written consent of the Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this Section 12.

SECTION 12.05. Nothing in this Section 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of the United States of America or any state thereof or the District of Columbia (which was solvent immediately prior to such assignment and transfer and which shall have specifically assumed the obligations of the Lessee hereunder, under the Consent and under the Participation Agreement by an appropriate instrument in writing) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition be in default under any provision of this Lease.

SECTION 13.01. Renewal Option and Purchase Options. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Trustee not less than 120 days or more than 360 days prior to the end of the original term of this Lease elect to extend the term of this Lease in respect of all, but not less than all, of the Units of any Type then covered by this Lease for one additional period, in full year increments, commencing on the scheduled expiration of such original term and ending on the December 15 or June 15 selected by the Lessee (the "Fixed Rate Renewal Term"); provided, however, the Fixed Rate Renewal Term shall not end later than the earlier of the last day on which (i) the estimated residual value (without taking into account inflation or deflation) of such Units shall be greater than or equal to 20% of the aggregate Purchase Price of such Units and (ii) the period from the Settlement Date relating to such Units to said date would be

80% of the economic useful life of such Units measured from the Settlement Date (based upon an appraisal satisfactory to the parties at the end of the original term of the Lease). The rents for such extended term shall be payable semiannually and ending on the last day of the Fixed Rate Renewal Term in an amount per Unit equal to 50% of the average rent paid per Unit during the original term hereof as set forth in Schedule B hereto as it may be amended from time to time.

SECTION 13.02. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Trustee not less than 120 days or more than 180 days prior to the end of the original term or the fixed rate renewal term of this Lease with respect to the Units of any Type elect to extend the term of this Lease for a single term consisting of increments of one year commencing on the scheduled expiration of the prior term with respect to all Units of any Type then remaining under this Lease. The rents for such extended term shall be payable semiannually in arrears in an amount per Unit equal to the then Fair Market Rental thereof.

SECTION 13.03. Provided that this Lease has not been earlier terminated and no Event of Default hereunder has occurred and is continuing, the Lessee may, by written notice delivered to the Trustee not less than the 120 days or more than 180 days prior to the end of the original or any renewal term of this Lease, elect to purchase all, but not less than all, of the Units of any Type then covered by this Lease for an amount equal to (i) in the case of a purchase at the end of the original term of this Lease, the lesser of the Fair Market Value thereof or 41.20% of the aggregate Purchase Price of such Units or (ii) in the case of a purchase at the end of any renewal term of this Lease, an amount equal to the Fair Market Value thereof, which amount shall be paid to the Owner in immediately available funds on the last day of the original or extended term of this Lease, as the case may be. Fair Market Value (Fair Market Rental) shall be determined on the basis of, and shall be equal in amount to, the price which would obtain in an arm's-length transaction between an informed and willing buyer (lessee) and an informed and willing seller (lessor) under no compulsion to buy or sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such price and it shall be assumed that all the Units have been assembled in one place and are not encumbered by this Lease and are in the condition required by the terms hereof. If, after 30 days from the giving of notice by the Lessee of the Lessee's election to purchase (lease) such Units, the Lessor and the Lessee are

unable to agree upon a determination of the Fair Market Value (Fair Market Rental) of the Units, such Fair Market Value (Fair Market Rental) shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 30 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days after such notice is given either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value (Fair Market Rental) of the Units within 45 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Value (Fair Market Rental) of the single appraiser appointed shall be final. If 3 appraisers shall be appointed, the determination of the appraiser which differs most from the other 2 appraisers shall be excluded, the remaining 2 determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Value (Fair Market Rental). The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value (Fair Market Rental) and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee, if a fixed rate purchase is available, otherwise such expense shall be borne equally by the Lessee and the Trustee.

SECTION 14.01. Return of Units upon Expiration of Term. On or prior to the termination of the term of this Lease or as soon as practicable on or after the termination of the term of this Lease and in any event not later than 90 days after the termination of the term of this Lease the Lessee will, at its own cost and expense, at the request of the Trustee, cause each Unit to be transported to such point

or points (not in excess of three) as shall be reasonably designated by the Trustee immediately prior to such termination and arrange for the Trustee to store each Unit on any lines of railroad or premises approved by the Trustee for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 180 days from the date at which at least 90% of the Units are first placed in storage pursuant to this Section 14; the assembly, delivery, storage and transporting of the Units to be at the expense and risk of the Lessee, and the Lessee will during this period maintain the insurance required by Section 7 of this Lease to be maintained. During any such storage period the Lessee will permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. If any of the Units suffers a Casualty Occurrence during any storage period provided for in this Section 14, the Lessee shall pay to the Trustee the Casualty Value of such Unit as determined in accordance with Section 7 hereof. In the event that by the 90th day after the termination of the original or any extended term of this Lease the Lessee has not, at the request of the Trustee, caused at least 90% of the Units to be transported to such point or points as shall have been designated by the Trustee pursuant to this Section 14, the Lessee shall pay to the Trustee an amount equal to the per Unit daily equivalent of the average annual rental payable over the original term of this Lease multiplied by the number of such Units equal to the difference between 90% of such Units and the number of such Units previously delivered pursuant to this Section 14 (such number to be determined on each day) for each day from such 90th day to the date on which at least 90% of such Units have been so transported. If, after the 180th day after the termination of this Lease, any of such Units have not been so transported, the Lessee shall pay to the Trustee an amount equal to 125% of the daily equivalent of the average annual rental payable over the original term of this

Lease for each such Unit not so transported for each day after the end of such period until such Unit or Units have been so transported.

SECTION 14.02. Each Unit returned to the Trustee pursuant to this Section 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Trustee pursuant to Section 9 hereof and have removed therefrom at Lessee's expense any Part or Addition title to which is in the Lessee or any other person pursuant to such Section 9 and any Property Owned by Others, and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, but only to the extent such standards apply to Units of each Type subject to this Lease. Notwithstanding the foregoing, any and all NTTX spine cars or TTAX all purpose spine cars shall not be required to conform the AAR impact cushioning tests. (As a consequence of the inability of these cars to comply with these tests, their use is restricted in switching procedures as to such things as yard humping or flat switching with motor power detached).

SECTION 14.03. Upon the expiration of the original term of this Lease on June 14, 2010, if the Lessee shall decide not to exercise the renewal option provided by Section 13 hereof or upon the expiration of any extended term of this Lease, the Lessee will deliver to the Trustee a certificate of an officer of the Lessee to the effect that (a) no Event of Default or any event which with lapse of time or notice or both would constitute an Event of Default had occurred or was continuing as of said date; (b) no liens, charges, security interests or other encumbrances (except an encumbrance resulting from claims against the Trustee) were, as of said date, imposed on or with respect to any Unit, any accession thereto, or the interest of the Trustee therein; (c) the Units have been returned to the Trustee pursuant to this Section 14 in the same operating order, repair and condition required by this Section 14 and (d) the Lessee no longer has any interest in the Units under the Lease or otherwise. If a certificate of an officer of the Lessee is required to be furnished pursuant to the preceding sentence, it shall be furnished on a monthly basis, beginning one month later, and such certificate shall cover each such Unit returned during the preceding 30 calendar days and shall apply to each such Unit as of the date such Unit was returned pursuant to the provisions of the first paragraph of this Section 14.

SECTION 15.01. Recording. The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment,

the Lease Assignment and any assignment hereof or thereof to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303 and deposited with the Registrar General of Canada (and notice of such deposit to be given forthwith in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. The Lessee will, at its own expense, undertake the filing, registering, deposit, and recording required of the Trustee under the CSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA or the Lease Assignment; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (1) the Lessee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Trustee to and the security interest of the Vendor in Units having a Purchase Price (as defined in Article 4 of the CSA) of not less than 85% of the aggregate Purchase Price of all the Units then subject to this Lease, and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in Section 5 hereof.

SECTION 15.02. The Lessee will promptly furnish to the Vendor and the Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Trustee and the Vendor.

SECTION 16.01. Obligations of Trustee Under CSA; Additional Rentals. In the event that the Trustee shall become obligated to make any payment (other than payments in settlement for any Unit or the principal of or interest on the CSA Indebtedness in respect thereof pursuant to the CSA and pursuant to the proviso to the last paragraph of Article 12 thereof) or to perform any obligations pursuant to the CSA not covered by the provisions of this Lease, the Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Trustee's obligations (other than as aforesaid) pursuant to the CSA shall be fully complied with, without regard for any limitation of liability of the Trustee contained in the CSA.

SECTION 17.01. Trustee's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Trustee may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Trustee incurred in connection with such performance or compliance, together with interest on such amount at the rate of 10.48% per annum, shall be payable by the Lessee upon demand. No such performance or compliance by the Trustee shall be deemed a waiver of the rights and remedies of the Trustee against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

SECTION 18.01. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 10.48% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

SECTION 19.01. Notices. Any notice required or permitted to be given by any party hereto to any other party or parties shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a Business Day, otherwise on the next Business Day), if transmitted by mail, telex, telecopy or similar transmission, or by hand, addressed as follows:

if to the Trustee, at 777 Main Street, Hartford Connecticut 06115, attention of Corporate Trust Department;

if to the Lessee, at 101 North Wacker Drive, Chicago, Illinois 60606, attention of Treasurer;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above or so furnished for such party. Any notice to the Lessee by the Vendor regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Trustee.

SECTION 20.01. Immunities. Each and all of the representations, warranties, covenants and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants and agreements by

said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and (except as aforesaid) this agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution on account of any representation, warranty, covenant or agreement herein of the Trustee (except in the case of gross negligence or willful misconduct of the Trustee), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder may look to said Trust Estate for satisfaction of the same.

SECTION 21.01. Severability; Effect and Modification of Lease; Third Party Beneficiaries. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof; and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 21.02. This Lease exclusively and completely states the rights of the Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto, except the Participation Agreement. Subject to the last sentence of the first paragraph of Article 20 of the CSA, no variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Trustee and the Lessee.

SECTION 21.03. Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Trustee, the Vendor, the Investors and the permitted successors and assigns of such parties, each of which shall be deemed to be a third party beneficiary hereof) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

SECTION 22.01. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 23.01. Law Governing. The terms of this Lease and all rights and obligations hereunder 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 49 U.S.C. 11303, such additional rights arising out of the filing, recording or depositing of this Lease and any assignment hereof as shall be conferred by the laws of the several jurisdictions in which the same shall be filed, recorded or deposited, or in which any Units shall be located, and any rights arising out of the markings on the Units.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this instrument to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

TRAILER TRAIN COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

THE CONNECTICUT
NATIONAL BANK, not in
its individual capacity, but
solely as Trustee,

by

_____
Name:
Title:

Executed on August , 1989.

TRAILER TRAIN COMPANY

SCHEDULE A TO LEASE No. 31-A

Builder/Car Type	Contract No.	Quantity Cars	Quantity Platforms	Car Numbers (Inclusive)	Estimated Cost Per Car	Total Cost	Estimated Delivery Period
Trinity Industries Inc.:							
Single-platform Front-Runner flatcars with single-axle trucks for carrying trailers - TTOX	T-1088-P	494	494	145601 - 146094	$ 30,933	$ 15,280,902	Jan. - June, 1989
* Five-platform articulated Spine flatcars for carrying containers - NTTX	T-4088-P	34	170	66106 - 66139	110,018	3,740,612	Jan. - Apr., 1989
* Five-platform articulated all-purpose Spine flatcars with retractable hitches for carrying trailers or containers - TTAX	T-1089-P	33	165	76012 - 76044	144,077	4,754,541	Sept. - Oct., 1989
Thrall Car Manufacturing Co.:							
Five-platform articulated trailer cars - TTLX	T-5088-T	63	315	60400 - 60454 60562 - 60569	128,200	8,076,600	July - Sept., 1989
Bethlehem Steel Corp:							
*Five-platform articulated all-purpose Spine flatcars with retractable hitches for carrying trailers or containers - TTAX	T-5088-B	98	490	78081 - 78178	135,050	13,234,900	Sept. - Oct., 1989
Total		722	1,634			$ 45,087,555	

*Not subject to the cushioning requirements of the AAR interchange rules.

Ameritrust

Schedule B to
the Lease

Basic Rent Schedule
Percentage of Purchase Price*

Rental Date	Advance Rent	Arrears Rent
15-Jun-90	0.0000000	0.0000000
15-Dec-90	3.6498000	0.0000000
15-Jun-91	0.0000000	4.9442156
15-Dec-91	3.6445320	0.0000000
15-Jun-92	0.0000000	4.9494836
15-Dec-92	3.5826773	0.0000000
15-Jun-93	0.0000000	5.0113383
15-Dec-93	3.5149588	0.0000000
15-Jun-94	0.0000000	5.0790569
15-Dec-94	3.4408205	0.0000000
15-Jun-95	0.0000000	5.1531951
15-Dec-95	3.3596540	0.0000000
15-Jun-96	0.0000000	5.2343617
15-Dec-96	3.2707928	0.0000000
15-Jun-97	0.0000000	5.3232228
15-Dec-97	3.1735076	0.0000000
15-Jun-98	0.0000000	5.4205080
15-Dec-98	3.0845649	0.0000000
15-Jun-99	0.0000000	7.4192320
15-Dec-99	2.9521606	0.0000000
15-Jun-2000	0.0000000	7.5516363
15-Dec-2000	2.8120189	0.0000000
15-Jun-2001	0.0000000	7.6917781
15-Dec-2001	2.6631652	0.0000000
15-Jun-2002	0.0000000	7.8406317
15-Dec-2002	6.1259170	0.0000000
15-Jun-2003	0.0000000	4.3778799
15-Dec-2003	6.2043455	0.0000000
15-Jun-2004	0.0000000	4.2994514
15-Dec-2004	7.9698276	0.0000000
15-Jun-2005	0.0000000	2.5339693
15-Dec-2005	8.8784264	0.0000000
15-Jun-2006	0.0000000	1.6253705
15-Dec-2006	10.5037969	0.0000000
15-Jun-2007	1.2495771	0.0000000
15-Dec-2007	9.2542198	0.0000000
15-Jun-2008	0.8701571	0.0000000
15-Dec-2008	9.6336398	0.0000000
15-Jun-2009	0.4547680	0.0000000
15-Dec-2009	10.0490289	0.0000000
15-Jun-2010	0.0000000	0.0000000
Fixed Rate Renewal Period		
15-Dec-2010, and each rent payment date during the Fixed Rate Renewal Term	0.0000000	2.4349711

*As defined in Article 4 of the CSA

Ameritrust

Schedule C
to the Lease

Casualty Values and Termination Values*

Dates	Casualty Values and Termination Values as Percentage of Purchase Price
15-Jun-90	107.50471
15-Dec-90	112.29738
15-Jun-91	108.30295
15-Dec-91	112.69810
15-Jun-92	108.35400
15-Dec-92	112.46134
15-Jun-93	107.86720
15-Dec-93	111.75449
15-Jun-94	106.96396
15-Dec-94	110.64899
15-Jun-95	105.65194
15-Dec-95	109.12023
15-Jun-96	103.88928
15-Dec-96	107.17291
15-Jun-97	101.85415
15-Dec-97	105.04671
15-Jun-98	99.65163
15-Dec-98	102.78040
15-Jun-99	95.40774
15-Dec-99	98.40295
15-Jun-2000	90.89807
15-Dec-2000	93.75127
15-Jun-2001	86.10611
15-Dec-2001	88.80847
15-Jun-2002	81.01430
15-Dec-2002	83.55645
15-Jun-2003	75.45603
15-Dec-2003	77.82312
15-Jun-2004	69.54008
15-Dec-2004	71.72116
15-Jun-2005	63.17476
15-Dec-2005	65.17955
15-Jun-2006	56.39122
15-Dec-2006	58.19452
15-Jun-2007	49.14498
15-Dec-2007	49.45311
15-Jun-2008	41.47512
15-Dec-2008	41.98414
15-Jun-2009	33.42792
15-Dec-2009	34.17119
15-Jun-2010	25.00000
Optional Fixed Rate Renewal Period:	
15-Dec-2010, and each rent payment date during the Fixed Rate Renewal Term	25.00000

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

[P90921]
Annex D
to
Conditional Sale Agreement

[CS&M Ref. 4020-138]

ASSIGNMENT OF LEASE AND AGREEMENT

(A)

Dated as of August 1, 1989

Between

THE CONNECTICUT NATIONAL BANK,
as Trustee,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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1/ This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1989 ("Assignment"), by and between THE CONNECTICUT NATIONAL BANK, not in its individual capacity but solely as Trustee (together with its successors and assigns, "Trustee") acting under a Trust Agreement dated as of the date hereof ("Trust Agreement") with AMERITRUST COMPANY NATIONAL ASSOCIATION ("Owner") and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as agent ("Agent") for certain institutional investors ("Investors") under a Participation Agreement dated as of the date hereof among the Owner, the Trustee, the Agent, the Investors and TRAILER TRAIN COMPANY ("Lessee").

WHEREAS the Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Trailer Train Company (in such capacity, "Seller") providing for the sale to the Trustee of such of the units of railroad equipment to be acquired for the Trustee ("Units") described in the Annex B thereto as are delivered to and accepted by the Trustee thereunder and the CSA is being assigned to the Agent by the Seller;

WHEREAS the Trustee and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter, together with the amendments and supplements thereto, being called "Lease"), providing for the leasing by the Trustee to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Trustee under the CSA and as an inducement to the Investors to invest in the CSA Indebtedness as defined in the CSA, the Trustee agrees to assign for security purposes its rights in, to and under the Lease to the Agent, and the capitalized terms used herein to define each of the Documents shall refer to each of such Documents as they may be modified, amended or supplemented from time to time.

NOW, THEREFORE, in consideration of the payments to be made, the parties hereto agree as follows:

SECTION 1. Assignment by Trustee to Agent; Application of Payments. (a) The Trustee hereby assigns, transfers and sets over unto the Agent, as collateral

security for the payment and performance of the Trustee's obligations under the CSA all the Trustee's right, title and interest, powers, privileges, and other benefits under the Lease (including those inuring to the benefit of the Owner and the Owner's assigns by reason of Section 12 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity (except sums which by the express terms of the Lease are payable directly to the Trustee or the Owner pursuant to Sections 3,03(b), 6.01, 9.07 and 17.01 of the Lease (or any amounts whether denominated as rents or otherwise payable by the Lessee pursuant to the Tax Indemnity Agreement), liquidated damages, or otherwise (such moneys being hereinafter called "Payments") and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease; provided, however, that upon the occurrence of an Event of Default under the Lease, before taking any unilateral action which might materially and adversely affect the interests of the Owner or the Trustee, the Agent will give the Owner a reasonable opportunity to consult with the Agent and representatives of the Investors and to propose solutions to the circumstances of such Event of Default. In response to any such proposals, the Investors and the Agent will thereafter use reasonable efforts, in good faith and in a manner not inconsistent with their own interests, to mitigate any material and adverse effect on the interests of the Owner and the Trustee in connection with any such action to be taken by the Agent in respect of such Event of Default. In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Agent in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

(b) The Agent agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease and, to the extent received, the Agent will apply such Payments to satisfy the obligations of the Trustee under the CSA then due and payable, subject to the limitations contained in the last paragraph of Article 4 of the CSA, and any balance held by the Agent hereunder for the account of

the Trustee shall be deemed to be held in trust for the Trustee and shall be paid immediately to and retained by the Trustee. If the Agent shall not receive any rental payment under Section 3.01 of the Lease or any payment of Casualty Values or Termination Values under Section 7 of the Lease when due, the Agent shall promptly notify the Trustee by telegraphic communication at the address set forth in the Lease. Failure to so notify the Trustee shall not affect the rights and remedies of the Agent hereunder or under the CSA; except that the Agent may not make a Declaration of Default (as defined in the CSA) on the basis of an event of default under subparagraph (a) of Article 15 of the CSA arising solely by reason of the failure of the Lessee to make any such rental payment which under the provisions of paragraph (e) of Article 15 of the CSA is permitted to be cured by the Trustee, unless such event of default is not remedied within 10 days after notification is given as aforesaid.

SECTION 2. Trustee's Liabilities under the Lease not Assigned or Assumed by Agent. This Assignment is executed only as security for the obligations of the Trustee under the CSA and, therefore, the execution and delivery of this Assignment shall not subject the Agent to, or transfer, or pass, or in any way affect or modify the liability of the Trustee under the Lease, it being agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Agent.

SECTION 3. No Modification of the Lease without the Written Consent of Agent. To protect the security afforded by this Assignment, the Trustee agrees as follows:

(a) The Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Trustee; without the written consent of the Agent, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee which are intended to satisfy the obligations of the Trustee under the CSA, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement so

amending, modifying or terminating the Lease and the Trustee agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Trustee fail to make any payment or to do any act which this Assignment requires the Trustee to make or do, then the Agent, but without obligation so to do, after first making written demand upon the Trustee and affording the Trustee a reasonable period of time within which to make such payment or do such act, but without releasing the Trustee from any obligation hereunder, may make or do the same in such manner and to such extent as the Agent may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Agent, and also the right to perform and discharge each and every obligation, covenant and agreement of the Trustee contained in the Lease; and in exercising any such powers, the Agent may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Trustee will reimburse the Agent for such costs, expenses and fees; provided, however, that the obligations of the Trustee to make reimbursements under this Section 3 are subject to paragraph (h) of Article 4 of the CSA.

SECTION 4. Agent to Act for Trustee under the Lease. The Trustee does hereby constitute the Agent the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all payments due and to become due under or arising out of the Lease to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Agent may deem to be necessary or advisable in the premises.

SECTION 5. Termination. Upon the full discharge and satisfaction of all the Trustee's obligations under the CSA, this Assignment, and all rights herein assigned to the Agent in respect thereof, shall terminate, and all estate, right, title and interest of the Agent in and to the Lease shall revert to the Trustee without further act or deed, but the Agent shall execute and deliver such documents as the

Trustee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

SECTION 6. Recording. The Trustee will, from time to time, do and perform any other act and will execute, acknowledge and deliver any and all further instruments required by law and reasonably requested by the Agent in order to confirm or further assure the interests of the Agent hereunder.

SECTION 7. Assignment by Agent. The Agent may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. The Agent will give written notice to the Trustee, the Owner and the Lessee of any such assignment.

SECTION 8. Law Governing. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by 49 U.S.C. 11303.

SECTION 9. Notices. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Agent at its address set forth in Article 20 of the CSA, or at such other address as the Agent shall designate.

SECTION 10. Certain Additional Rights and Immunities of Trustee and Vendor. The Agent hereby agrees with the Trustee that, so long as no event of default, or any event which with lapse of time or notice or both would constitute such an event of default, under the CSA has occurred and is then continuing, the Agent will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Trustee to the Agent by this Assignment, except the right to receive and apply the Payments as provided in Section 1 hereof, and that, subject to the terms of the Lease and the CSA, so long as no such event of default under the CSA has occurred and is then continuing, the Trustee may exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of subparagraph (a) of Section 10.01 of the Lease; provided, however, the Trustee shall not, without the prior written consent of the Agent, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges

and remedies arising out of subparagraph (b) of said Section 10.01.

SECTION 11. No Recourse. It is expressly agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Trustee are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by the financial institution acting as Trustee hereunder or for the purpose or with the intention of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as that term is used in the Trust Agreement and this Assignment is executed and delivered by the Trustee solely in the exercise of the powers expressly conferred upon the Trustee under the Trust Agreement; and that no personal liability or responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution on account of any representation, warranty, undertaking or agreement hereunder of said financial institution, acting in its capacity as Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under the Agent, making claim hereunder, may look to the Trust Estate for satisfaction of the same.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this instrument to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date

first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

THE CONNECTICUT NATIONAL BANK, not in its individual capacity but solely as Trustee,

by

_____
Name:
Title:

Executed on August , 1989.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity, but solely as Agent,

by

_____
Name:
Title:

Executed on August , 1989.

[Corporate Seal]

Attest:

_____
Name:
Title:

LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of the State of Delaware, the Lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Assignment") hereby acknowledges receipt of a copy of the Assignment, consents to all the terms and conditions of the Assignment and agrees as follows:

(1) subject to the terms and conditions of the Assignment, to pay all Payments (as defined in the Assignment) due and to become due to the Trustee under the Lease directly to MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as agent ("Agent") under the Participation Agreement referred to in the Assignment, to be applied as provided in the Assignment, by bank wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Account No. 620081-8 with notation that the funds are "Re: TTX 8/1/89" (or such other address as may be furnished in writing to the undersigned by the Agent);

(2) agrees, subject to the terms and conditions of the Assignment, that the Agent shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Agent were named therein as the Trustee;

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

(4) agrees that the Lease shall not, without the prior written consent of the Agent, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in any alteration or impairment of the obligations of the Lessee under the Lease which are intended to satisfy the obligations of the Trustee under the CSA, the obligations of the Trustee under the Assignment or the obligations of the Lessee under this Consent and Agreement or of any of the rights created by any thereof; and

(5) will do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of the Participation Agreement and the exhibits thereto.

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

This Consent and Agreement, when accepted by the Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of August 1, 1989.

TRAILER TRAIN COMPANY,

by

_____

Name:
Title:

Accepted:

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity, but solely as Agent under the Participation Agreement referred to above,

by

_____

Name:
Title:

[Corporate Seal]

Attest:

_____

Name:
Title:

[P90921]
EXHIBIT B
to
Participation Agreement

[CS&M Ref. 4020-138]

AGREEMENT AND ASSIGNMENT
(A)

Dated as of August 1, 1989

among

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent,

TRAILER TRAIN COMPANY,
BETHLEHEM STEEL CORPORATION,
TRINITY INDUSTRIES, INC.

and

THRALL CAR MANUFACTURING COMPANY

AGREEMENT AND ASSIGNMENT dated as of August 1, 1989, among MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent under a Participation Agreement dated as of the date hereof (together with its successors and assigns "Assignee"), TRAILER TRAIN COMPANY, a Delaware corporation, BETHLEHEM STEEL CORPORATION, a Delaware Corporation, TRINITY INDUSTRIES, INC., a Delaware Corporation and THRALL CAR MANUFACTURING COMPANY, a Delaware Corporation (collectively "Sellers" or severally "Seller").

WHEREAS each Seller and The Connecticut National Bank, as Trustee ("Trustee") under a Trust Agreement dated as of the date hereof with Ameritrust Company National Association ("Owner"), have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA") covering the sale and delivery, on the conditions therein set forth, by such Seller and the purchase by the Trustee of the railroad equipment described in Annex B to the CSA ("Equipment") and

WHEREAS the Trustee and Trailer Train Company (in such capacity, "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the lease to the Lessee of the Equipment;

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: that in consideration of good and valuable consideration paid by the Assignee to such Seller, the receipt of which is hereby acknowledged, as well as the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. Each Seller hereby assigns, transfers and sets over unto the Assignee:

(a) the security interest of such Seller in and to each unit of its Equipment when and as severally delivered to and accepted by the Trustee, and when and as payment is made (i) by the Assignee to such Seller of the amount required to be paid pursuant to Section 4 hereof, and (ii) by the Trustee to such Seller of the amount required to be paid pursuant to subparagraph (a) of the third paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Seller in and to the CSA (except the right to deliver the Equipment, the right to receive the payments specified in subparagraph (i) of the third paragraph of Article 4 thereof and reimbursement for taxes paid or incurred by such Seller), and except as aforesaid in and to any and all amounts which may be or become due or owing to such Seller under the CSA on account of the indebtedness in respect of the Purchase Price (as defined in Article 4 of the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Trustee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraphs (a) and (b) of this paragraph, all such Seller's rights, titles, powers, privileges and remedies under the CSA;

without any representation or warranty, express or implied, by such Seller other than as set forth in the CSA and without any recourse hereunder, however, against such Seller for or on account of the failure of the Trustee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the obligations of such Seller to deliver the Equipment in accordance with the CSA or with respect to its warranties and agreements referred to in Article 13 of the CSA or relieve the Trustee from its obligations to such Seller contained in Articles 2, 3, 4, 6 and 13 of the CSA, it being understood and agreed that, notwithstanding this Agreement, or any subsequent assignment pursuant to the provisions of Article 14 of the CSA, all obligations of such Seller to the Trustee shall be and remain enforceable by the Trustee, its successors and assigns, against and only against such Seller. In furtherance of the foregoing assignment and transfer, each Seller hereby authorizes and empowers the Assignee in the Assignee's own name, or in the name of the Assignee's nominee, or in the name of and as attorney, hereby irrevocably constituted, for such Seller, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and compliance by the Trustee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Seller agrees that the Equipment shall be constructed in full accordance with the CSA and will deliver the same to the Trustee in accordance with the provisions of the CSA; and that, notwithstanding this

Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Seller. Each Seller further agrees that it will warrant to the Assignee and the Trustee that at the time of delivery of each unit of its Equipment under the CSA it had legal title to such unit and good and lawful right to sell such unit and that such unit was free of all claims, liens, security interests and other encumbrances of any nature except only the rights created under the CSA, this Assignment, the Lease and the Lease Assignment; and such Seller further agrees that it will defend the title to such unit against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Seller under the CSA; all subject, however, to the provisions of the CSA and the rights of the Trustee thereunder.

SECTION 3. Each Seller agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of, the Equipment or to enforce any provision of the CSA, such Seller will indemnify, protect and hold harmless the Assignee from and against all expenses, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever claimed by the Trustee or the Lessee arising out of a breach by such Seller of any obligation with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Trustee or the Lessee by such Seller. Each Seller's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 14 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Trustee or the Lessee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Seller of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving the Seller the right, at such Seller's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

SECTION 4. Subject to the provisions of Article 3 of the CSA, the Assignee, on each Closing Date fixed as

provided in Article 4, of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the appropriate Seller an amount equal to the portion of the Purchase Price thereof which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee on or prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel, Cravath, Swaine & Moore, in such number of counterparts as may be reasonably requested by said special counsel:

(a) an instrument or instruments from such Seller to the Assignee transferring to the Assignee the security interest of such Seller in such units, confirming the transfer of title (subject to such security interest) to such units to the Trustee at the time of delivery thereof under the CSA, warranting to the Assignee and to the Trustee that, at the time of delivery of such units under the CSA, such Seller had legal title to such units and good and lawful right to sell such units and such units were free of all claims, liens, security interests and other encumbrances of any nature except only the rights created under the CSA, this Assignment, the Lease and the Lease Assignment, and covenanting to defend the title to such units against demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Seller under the CSA, and, in the case Trailer Train Company is such Seller, accompanied by copies of any related instrument or instruments of transfer from the manufacturer to such Seller;

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

(c) an invoice of such Seller for the units of its Equipment in such Group accompanied by or having endorsed thereon a certification by the Lessee and the Trustee as to their approval thereof, and, in the case Trailer Train Company is such Seller, accompanied by copies of the related manufacturer's invoice to such Seller;

(d) an opinion of counsel for such Seller, dated as of such Closing Date, addressed to the Assignee and the Trustee, to the effect that the aforesaid instrument or instruments have been duly authorized, executed and delivered by such Seller and are valid and effective to

vest in the Assignee the security interest of such Seller in the units of the Equipment in such Group and to transfer full legal and beneficial title (subject to such security interest) to the Trustee, in each case, free from all claims, liens, security interests and other encumbrances (other than those created by the CSA, this Assignment, the Lease and the Lease Assignment) arising from, through or under such Seller, accompanied by copies of the related opinion of counsel for the manufacturer; and

(e) a receipt from such Seller for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4) required to be made on such Closing Date to such Seller with respect to its Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Trustee.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Participation Agreement pursuant to which the Assignee is acting as Agent, sufficient funds available thereunder to make such payment, and upon compliance by the Seller with the provisions of Article 3 of the CSA. In the event that the Assignee shall not make any such payment, the Assignee shall reassign to appropriate Seller, without recourse to the Assignee, all rights, titles, interests, powers, privileges and remedies assigned to the Assignee pursuant to Section I hereof insofar as they relate to the units of its Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Trustee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, and upon giving the written notice required in Article 14 of the CSA, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. Each Seller hereby:

(a) represents and warrants to the Assignee and the Trustee that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization,

execution and delivery by the Trustee, the CSA is, insofar as the Seller is concerned, a legal and valid agreement binding upon such Seller in accordance with its terms and that, insofar as such Seller is concerned, it is now in force without amendment thereto;

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

(c) agrees that, subsequent to payment of the sums due it hereunder and under the CSA, upon request of the Assignee, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Seller therein or in its Equipment.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred by 49 U.S.G. § 11303, such additional rights arising out of the filing, recording or depositing of the CSA and this Assignment as shall be conferred by the laws of the several jurisdictions in which the CSA or this Assignment shall be filed, recorded or deposited, or in which any unit of the Equipment shall be located, and any rights arising out of the markings on the units of Equipment.

SECTION 8. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Each Seller shall be bound hereunder notwithstanding the failure of any other Seller to execute and deliver this Assignment or to perform its obligations hereunder. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates shown under their signatures. This Agreement shall be effective

when executed counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, New York.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this instrument to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

TRAILER TRAIN COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

BETHLEHEM STEEL CORPORATION,

by

_____

Name:
Title:

Executed on August , 1989.

TRINITY INDUSTRIES, INC.,

by

_____

Name:
Title:

Executed on August , 1989.

THRALL CAR MANUFACTURING COMPANY,

by

_____

Name:
Title:

Executed on August , 1989.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity, but solely as Agent,

by

_____

Name:
Title:

[Corporate Seal]

Executed on August , 1989.

Attest:

_____

Name:
Title:

ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the assignment made by, the foregoing Agreement and Assignment is hereby acknowledged as of August 1, 1989.

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as Trustee,

by

_____

Name:
Title: