Southwestern Electric Power Company
P. O. BOX 21105 · SHREVEPORT, LOUISIANA

13343 RECORDATION NO. Filed 1425

DEC 3 1981 -2 10 PM
INTERSTATE COMMERCE COMMISSION

1-337A016

Date DEC 3 1981
Fee $ 100.00

ICC Washington, D. C.

December 2, 1981

Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D. C. 20423

Attention: Secretary

Gentlemen:

Enclosed herewith for filing and recording, pursuant to 49 U.S.C. §11303, are eight (8) executed copies of the following documents:

1. Conditional Sale Agreement dated as of November 1, 1981, among Evans Products Company, Cason Car Corporation and Southwestern Electric Power Company;

2. Agreement and Assignment dated as of November 1, 1981, between Evans Products Company and Mercantile-Safe Deposit and Trust Company, as Agent;

3. Lease of Railroad Equipment dated as of November 1, 1981, between Cason Car Corporation and Southwestern Electric Power Company; and

4. Assignment of Lease and Agreement dated as of November 1, 1981, between Cason Car Corporation and Mercantile-Safe Deposit and Trust Company, as Agent.

The foregoing documents relate to the purchase and financing of 362 100-ton (4,000 cu. ft.) high-side steel gondola cars with swivel couplers, the car numbers of which are listed in Exhibit A attached hereto.

Enclosed is our check in the amount of $100 in payment of the applicable recording fees.

Please deliver five (5) counterparts, each bearing recordation data with respect to the filing pursuant to the provisions of 49 U.S.C. §11303, to the bearer of this letter.

R. David Wilderman

For your records, the names and addresses of the parties to the several instruments are as follows:

Mercantile-Safe Deposit and Trust Company, as Agent
P. O. Box 2258
Baltimore, Maryland 21203
Attention: Corporate Trust Department

Cason Car Corporation
c/o The Corporation Trust Company
P. O. Box 631
100 West Tenth Street
Wilmington, Delaware 19801
Attention: Joseph A. Barbera

Evans Products Company
The East Tower
Suite 900
2550 Golf Road
Rolling Meadows, Illinois 60008

Southwestern Electric Power Company
428 Travis Street
P. O. Box 21106
Shreveport, Louisiana 71156
Attention: Treasurer

Very truly yours,

SOUTHWESTERN ELECTRIC POWER COMPANY

By A. G. Hammett, III
Treasurer

Enclosures

RECORDATION NO. 13343-B Filed 1425

DEC 3 1981 -2 10 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of November 1, 1981

between

CASON CAR CORPORATION

and

SOUTHWESTERN ELECTRIC POWER COMPANY

362 ONE HUNDRED-TON

STEEL GONDOLA COAL CARS

LEASE OF RAILROAD EQUIPMENT

Table of Contents

		Page
Preamble		L-1
SECTION 1.	Net Lease	L-2
SECTION 2.	Delivery and Acceptance of Units	L-2
SECTION 3.	Rentals	L-3
SECTION 4.	Term of Lease	L-5
SECTION 5.	Identification Marks	L-5
SECTION 6.	Taxes	L-6
SECTION 7.	Payment for Casualty Occurrences; Insurance	L-8
SECTION 8.	Voluntary Termination	L-12
SECTION 9.	Reports	L-13
SECTION 10.	Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification	L-14
SECTION 11.	Default	L-16
SECTION 12.	Return of Units upon Default	L-20
SECTION 13.	Assignment; Possession and Use; Liens	L-21
SECTION 14.	Disposition of Units upon Expiration of Term	L-22
SECTION 15.	Opinion of Counsel	L-22
SECTION 16.	Recording	L-22
SECTION 17.	Interest on Overdue Rentals	L-23
SECTION 18.	Intended Tax Benefits	L-23
SECTION 19.	Notices	L-24
SECTION 20.	Severability; Effect and Modification of Lease	L-24
SECTION 21.	Law Governing	L-25
SECTION 22.	Execution	L-25
Signatures		L-25
Acknowledgments		L-26
Annex A. Description of Equipment		L-27

LEASE OF RAILROAD EQUIPMENT dated as of November 1, 1981, between CASON CAR CORPORATION (hereinafter called the Lessor) and SOUTHWESTERN ELECTRIC POWER COMPANY (hereinafter called the Lessee).

WHEREAS, the Lessor and the Lessee have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement) with Evans Products Company (hereinafter called the Builder) covering the construction, sale and delivery, on the conditions therein set forth, by the Builder and the purchase by the Lessor of the railroad equipment described in Annex A hereto (hereinafter called the Equipment);

WHEREAS, the Builder and Mercantile-Safe Deposit and Trust Company, as Agent (hereinafter called the Assignee) under a Finance Agreement dated as of the date hereof (hereinafter called the Finance Agreement) with the Lessor, the Lessee and the Investor named therein, have entered into an Agreement and Assignment dated as of the date hereof (hereinafter called the Assignment) assigning to the Assignee the right, security title and interest of the Builder under the Conditional Sale Agreement as security for the payment of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement);

WHEREAS, the Lessee desires to lease all the units of the Equipment (including any Replacement Units, as defined in the Conditional Sale Agreement), or such lesser number as are delivered, accepted and settled for under the Conditional Sale Agreement, at the rentals, for the terms and upon the conditions hereinafter stated (such number of units as are delivered, accepted and settled for under the Conditional Sale Agreement and any such Replacement Units being hereinafter called the Units); and

WHEREAS, in order to provide further security for the payment of the Conditional Sale Indebtedness and as an inducement to the Builder to construct and deliver the Equipment and to the Investor to invest in the Conditional Sale Indebtedness, the Lessor will, concurrently with its execution and delivery of this Lease, enter into an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment) with the Assignee assigning for security purposes certain of its rights in, to and under this Lease to the Assignee;

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

SECTION 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Conditional Sale Agreement, including the Lessee's rights of subrogation thereunder to the Builder or the Assignee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units 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 taking or requisitioning of any of the Units by condemnation or otherwise, 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 the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

SECTION 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee as its agent for the inspection and acceptance of, and the approval of all invoices relating to, the Units pursuant to the Conditional Sale Agreement and the Assignment. Each Unit is to be delivered to the Lessee, acting as such agent of the Lessor, by the Builder under the Conditional Sale Agreement at the place of delivery designated in the Conditional Sale Agreement and in Annex A hereto. As provided in Article 3 of the Conditional Sale Agreement, each Unit is to be delivered, inspected and accepted concurrently with the settlement therefor on the Closing Date for such Unit pursuant to and as defined in

Article 4 of the Conditional Sale Agreement, and any Replacement Units are to be delivered pursuant to Article 7 of the Conditional Sale Agreement. Upon such delivery on such Closing Date, the Lessee will cause an employee of the Lessee or an authorized representative of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit on such Closing Date on behalf of the Lessor under the Conditional Sale Agreement and on its own behalf hereunder and execute and deliver to the Lessor and the Builder a certificate of acceptance (hereinafter called a Certificate of Acceptance), in accordance with the provisions of Article 3 of the Conditional Sale Agreement, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on such Closing Date and is marked in accordance with Section 5, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall thereafter be subject to all the terms and conditions of this Lease, and the Lessee may, upon, but not prior to, completion of the settlement for such Unit in accordance with Article 4 of the Conditional Sale Agreement commence its use of such Unit pursuant to Section 13 hereof.

SECTION 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease,

(a) on June 8, 1982, December 8, 1982, any Closing Date and on the Cut-Off Date (as defined in the Conditional Sale Agreement), any amount then required to be paid by the Lessee pursuant to Paragraph 1 or 4 of the Finance Agreement, as the case may be;

(b) A payment on June 8, 1982 in an amount equal to .0486% of the Purchase Price (as defined in the Conditional Sale Agreement) of each Unit then subject to this Lease for each calendar day elapsed from and including the Closing Date for such Unit to, but excluding, the date of such payment, and a payment on December 8, 1982 in an amount equal to .0486% of the Purchase Price of each Unit then subject to this Lease for each calendar day elapsed from and including the later of June 8, 1982 or the Closing Date for such Unit to, but excluding, the date of such payment;

(c) Four consecutive semi-annual payments on June 8 and December 8 of each year, commencing June 8, 1983 and ending on December 8, 1984, in each case in an amount equal to 8.75% of the Purchase Price of each Unit then subject to this Lease;

(d) 34 consecutive semi-annual payments on June 8 and December 8 of each year, commencing June 8, 1985 and ending on December 8, 2001, in each case in an amount equal to 9.28609% of the Purchase Price of each Unit then subject to this Lease;

(e) on any date in respect of which a Replacement Unit is to be purchased by the Lessor pursuant to Article 7 of the Conditional Sale Agreement, the amount by which the cost of such Replacement Unit exceeds the Casualty Value (plus any interest or appreciation and less any costs or losses with respect to any Investments thereof) paid to the Lessor in respect of the Unit suffering a Casualty Occurrence; and

(f) on any Prepayment Date, the Prepayment Price (both as defined in the Conditional Sale Agreement) required to be paid on such Date pursuant to Article 4 of the Conditional Sale Agreement.

The Lessee agrees that if for any reasons whatsoever (i) any rental or other moneys payable by the Lessee under this Lease (all such rentals and moneys being hereinafter in this paragraph collectively called Rents) shall be diminished or subject to any diminution for any reason, or shall be subject to withholding at the source by reason of any taxes, assessments or liabilities of any character, foreseen or unforeseen, incurred by or against any person, including the Lessor, or by reason of any claims, charges or liens of any nature, foreseen or unforeseen, incurred by any person, including the Lessor, so that the Rents would thereby be rendered unavailable or would be less in amount than contemplated by this Lease, (ii) the payment in full of the Rents when the same are due and payable under this Lease shall be delayed, hindered or prevented or in any way adversely affected, (iii) the use or application of the Rents by the Assignee shall be hindered, delayed or prevented or the right of the Assignee to use or apply the same shall in any way be adversely affected, (iv) the Assignee shall refuse to apply the Rents as provided in the Conditional Sale Agreement and the Finance Agreement because of a threatened or pending suit in any court as a result of which the Assignee in good faith considers it may have personal liability if it does so apply the Rents or (v) the holders of the Certificates of Interest issued by the Assignee under the Finance Agreement shall be subject to any liability or obligation to refund or pay over the Rents, then, in any such event, the Lessee will promptly pay as additional rent under this Lease, and take any action and incur any additional expense that may be necessary to the proper application of, an amount sufficient to (x) pay fully and discharge or otherwise eliminate or nullify the cause of such diminution or withholding, (y) eliminate or prevent any delay, hindrance or obstacle in the payment in full of the Rents when the same are due and payable under this Lease and in the use or application thereof by the Assignee and (z) protect fully the right of the Assignee to use or apply the Rents, indemnifying the Assignee against any personal liability which may arise from

the application of the Rents and such holders against any liability or obligation to repay, or any loss in repaying, any moneys received from the Assignee.

If any of the semi-annual rental payment dates referred to in clause (a) above is not a Business Day (as defined in Article 4 of the Conditional Sale Agreement) the semi-annual rental payment otherwise payable on such date shall be payable on the next following Business Day.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease at the principal office of the Assignee, for the account of the Lessor, in care of the Assignee, with instructions to the Assignee first to apply such payments to satisfy the obligations of the Lessor under the Conditional Sale Agreement known to the Assignee to be due and payable on the date such payments are due and payable hereunder and thereunder and second, so long as no event of default under the Conditional Sale Agreement shall have occurred and be continuing, to pay any balance by wire transfer of immediately available funds on the date so received to the Lessor at such address as may be specified by the Lessor to the Assignee in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph by 11:00 A.M., Baltimore Time, in Federal funds current in Baltimore, Maryland.

SECTION 4. 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 in accordance with the provisions of Section 2 hereof and, subject to the provisions of Paragraph 18 of the Finance Agreement and Sections 7, 8, 11 and 20 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to Section 3.

Anything herein to the contrary notwithstanding, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Assignee under the Conditional Sale Agreement and the Assignment. Subject only to the rights of the Lessor against the Lessee referred to in Article 16 of the Conditional Sale Agreement, if an Event of Default shall occur and be continuing under the Conditional Sale Agreement, the Assignee may terminate this Lease (or rescind its termination), all as provided herein, unless the Lessee is not in default under this Lease.

SECTION 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with an identifying number as set forth in Annex A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending

this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Cason Car Corporation, Lessor, Subject to a Security Agreement Filed under the Interstate Commerce Act" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by applicable rules, regulations and laws, including without limitation the rules and regulations of the Association of American Railroads, in order to protect the Lessor's and the Assignee's title to and property interest in such Unit and the rights of the Lessor under this Lease and of the Assignee under the Conditional Sale Agreement. In the event that the Lessor shall become obligated to change any markings on any Unit or to incur any cost in connection therewith pursuant to Article 15 of the Conditional Sale Agreement, the Lessee shall, at the request of the Lessor, make such marking changes and pay to the Lessor such additional amounts as will enable the Lessor to fulfill such obligations under said Article 15. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change 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 Assignee and the Lessor and filed, recorded, registered and deposited by the Lessee in all public offices where this Lease and the Conditional Sale Agreement shall have been filed, recorded, registered and deposited and (ii) the Lessee shall have furnished to the Assignee and the Lessor an opinion of counsel for the Lessee with respect thereto satisfactory to the Assignee and the Lessor.

Except as provided in the immediately preceding paragraph, 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 Units may be lettered with the names or initials or other insignia customarily used by the Lessee.

SECTION 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes, assessments, documentary stamp taxes, or license fees and any charges, fines or penalties in connection therewith (hereinafter called collectively Impositions) now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale,

rental, use payment, shipment, delivery or transfer of title under the terms hereof or the Conditional Sale Agreement or any assignment hereof or thereof, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the advance opinion of the Lessor or the Assignee, adversely affect the title, property or rights of the Lessor hereunder or the rights of the Assignee under the Conditional Sale Agreement. If any Impositions shall have been charged or levied against the Lessor or the Assignee directly and paid by the Lessor, the Lessee shall reimburse the Lessor or the Assignee on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Builder or the Assignee pursuant to Article 6 of the Conditional Sale Agreement not covered by the foregoing paragraph of this Section 6, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 6.

The amount which the Lessee shall be required to pay in accordance with this Section 6 shall be an amount sufficient to restore the Lessor to the same after-tax position, after considering the effect of the receipt of state or local income taxes or franchise taxes based on net income, that the Lessor would have been in had such taxes not been imposed.

In the event any reports with regard to Impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interests of the Lessor and the Builder or the Assignee in the Units as shall be satisfactory to the Lessor and the Assignee or, where not so permitted, will notify the Lessor and the Assignee of such requirement and will prepare and deliver such reports to the Lessor and the Assignee within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Assignee.

In the event that during the term of this Lease the Lessee becomes liable for the payment or reimbursement of any Impositions, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall become lost, stolen, destroyed, irreparably damaged from any cause whatsoever or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period, but only in the case of an indefinite period after such taking or requisition continues for a period of one year, or by any other governmental entity resulting in loss of possession by the Lessee for a period of one year during the term of this Lease (such occurrences being hereinafter called Casualty Occurrences), the Lessee shall promptly and fully notify the Lessor and the Assignee with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit not theretofore paid and which are due and payable on or prior to such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon payment by the Lessee to the Lessor of such Casualty Value and rental payment, Lessor's absolute right to the possession of, title to and property in such Unit shall vest in the Lessee, without further transfer or action on the part of the Lessor; however, the Lessor, if so requested by the Lessee, will execute and deliver to the Lessee, at the expense of the Lessee, a bill of sale for such Unit releasing the Lessor's interest therein, free of all liens, security interests and other encumbrances created or retained hereby or which result from claims against the Lessor not related to the ownership of the Unit, the performance of the Lessor's duties and responsibilities under this Lease or any instrument referred to herein or any other transaction pursuant to or contemplated by this Lease or any instrument referred to herein. Upon (but not prior to) the making of such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue and the term of this Lease as to such Unit shall terminate; provided, however, that if the Lessee has directed the Lessor to apply such Casualty Value toward the cost of a Replacement Unit, then the rental for the Unit suffering such Casualty Occurrence shall continue, and such Unit shall continue to be subject to this Lease until the Replacement Unit is purchased pursuant to Section 7 of the Conditional Sale Agreement and is subjected to this Lease. The Lessor

hereby appoints the Lessee as its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof at the best price obtainable on an "as is, where is" basis. If the Lessee shall have previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale.

The Casualty Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such date:

Rental Payment Date	Percentage
June 8, 1982	100.000000%
December 8, 1982	100.000000
June 8, 1983	100.000000
December 8, 1983	100.000000
June 8, 1984	100.000000
December 8, 1984	100.000000
June 8, 1985	99.463910
December 8, 1985	98.880912
June 8, 1986	98.246902
December 8, 1986	97.557416
June 8, 1987	96.807600
December 8, 1987	95.992175
June 8, 1988	95.105400
December 8, 1988	94.141032
June 8, 1989	93.092282
December 8, 1989	91.951766
June 8, 1990	90.711455
December 8, 1990	89.362617
June 8, 1991	87.895756
December 8, 1991	86.300544
June 8, 1992	84.565751
December 8, 1992	82.679164
June 8, 1993	80.627501
December 8, 1993	78.396317
June 8, 1994	75.969905
December 8, 1994	73.331181
June 8, 1995	70.461569
December 8, 1995	67.340866
June 8, 1996	63.947102
December 8, 1996	60.256383
June 8, 1997	56.242726
December 8, 1997	51.877874
June 8, 1998	47.131098
December 8, 1998	41.968979
June 8, 1999	36.355174
December 8, 1999	30.250162
June 8, 2000	23.610961
December 8, 2000	16.390830
June 8, 2001	8.538937
December 8, 2001	--0--

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.

In the event of the requisition for use by the United States Government or any other governmental entity (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof, 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 to the extent the Lessee's obligations are modified pursuant to the first paragraph of this Section 7 with respect to any such requisition which represents a Casualty Occurrence, as defined therein. All payments received by the Lessor 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, demand and/or lapse of time would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor 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 Lessee.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the amounts and against risks customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee, and in any event in amounts and against risks comparable to those insured against by the Lessee on equipment similar to the Units which is owned by the Lessee; provided, however, that in the case of property insurance, the Lessee will be permitted to self-insure to the extent it self-insures property of a similar nature to the Units and to the extent consistent with prudent industry practice. Such insurance, except to the extent the Lessee is permitted to and does self-insure, shall be maintained with insurance companies, underwriters or funds which shall be satisfactory to the Lessor and the Assignee and which shall be authorized to do business in the jurisdictions in which the Units may from time to time be located. All such policies of insurance shall provide that the same shall not be cancelled nor shall any material change in the coverage as provided be made without not less than 30 days' prior written notice of such cancellation or change in coverage to the Assignee and the Lessor. All such public liability insurance shall protect the Lessee, the Lessor and the Assignee in respect of risks arising out of the condition, maintenance, use, ownership or

operation of the Units and shall provide that amounts payable thereunder shall be paid to the respective insureds as their interests may appear. All such property insurance shall cover the Lessee, the Lessor and the Assignee and shall provide that losses in respect of the Units shall be payable to such insureds as their respective interests may appear; provided that so long as any indebtedness under the Conditional Sale Agreement shall remain unpaid, losses under such property insurance shall be payable to the Assignee under a standard mortgage loss payable clause satisfactory to the Assignee. Any net property insurance proceeds resulting from insurance carried by the Lessee received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 7 and the amount, if any, by which such proceeds exceed such Casualty Value shall be paid to the Lessee so long as no Event of Default (or other event which after notice, demand and/or lapse of time would become an Event of Default) shall have occurred and be continuing. If the Lessor shall receive any such net property insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this Section 7 without deduction for such net property insurance proceeds or such condemnation payments, the Lessor shall pay such net property insurance proceeds or condemnation payments to the Lessee unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11. All net insurance proceeds received by the Lessor or the Lessee with respect to a Unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Unit, and any balance remaining after the completion of such repairs shall be paid to the Lessee, and any condemnation payments received with respect to a Unit not suffering a Casualty Occurrence shall be the property of the Lessee, unless, in any such case, an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11.

Copies of any insurance policies issued pursuant to the provisions of the preceding paragraph shall be delivered to the Assignee and the Lessor.

SECTION 8. Voluntary Termination. Unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled, at its option, upon at least 120 days' prior written notice to the Lessor and the Assignee, to terminate this Lease as to any Unit (hereinafter called a Terminated Unit) if the Lessee shall have made a good faith determination that such Terminated Unit has become obsolete or economically unserviceable to the Lessee's operations, which notice shall be accompanied by a certified copy of resolutions adopted by the Board of Directors of the Lessee making such determination and a written statement of the President or a Vice-President of the Lessee setting forth a summary of the basis for such determination; provided, however, that such termination shall become effective only on a rental payment date (hereinafter in this Section 8 called the Termination Date) and in no event prior to December 8, 1991; and provided further, that such termination shall not take effect unless the Lessee shall have fully complied with the succeeding paragraphs of this Section 8. For the purposes of this Section 8, interest rates or similar finance charges payable by the Lessee in connection with the acquisition of similar equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price thereof, shall be disregarded in the determination of economic obsolescence or unserviceability.

During the period from the giving of such notice to the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of the Terminated Unit on an "as is, where is" basis, and the Lessee shall certify to the Lessor in writing the amount of each bid received and the name and address of the person (who shall not be the Lessee or any person, firm or corporation which is an affiliate of the Lessee) submitting such bid. An "affiliate" of the Lessee shall mean any person which possesses, directly or indirectly, the right to vote at least 20% of the voting securities of the Lessee, or any person which, directly or indirectly, controls or is controlled by or is under common control with the Lessee, and "control" (including "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or control the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise. On the Termination Date, the Lessor shall, without recourse or warranty, sell the Terminated Unit for cash to whosoever shall have submitted the highest bid therefor prior to the Termination Date, and thereupon the Lessee shall cause to be delivered the Terminated Unit to the Lessor in accordance with the

terms of Section 14. If the sale of the Terminated Unit shall not occur on the Termination Date, the Lessee shall not cause such delivery of the Terminated Unit to the Lessor; and this Lease shall continue in full force and effect. The Lessor shall be under no duty to (but may) solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action in connection with any such sale other than as expressly provided in this Section 8.

The total sale price realized at any such sale of the Terminated Unit shall be retained by the Lessee, and the Lessee shall pay to the Lessor an amount equal to the Casualty Value of the Terminated Unit computed as of the Termination Date. The Lessee shall also be obligated to pay the Lessor any and all rentals and other sums due hereunder with respect to the Terminated Unit accrued up to and including the Termination Date. In the event of such sale and compliance by the Lessee with all the provisions of this Section 8, the obligations of the Lessee to pay rental hereunder for the Terminated Unit on all rental payment dates commencing after the Termination Date shall terminate.

SECTION 9. Reports. The Lessee will promptly furnish to the Lessor and the Assignee (i) as soon as available, and in any event within 120 days after the end of each fiscal year, copies of its Form 10-K Annual Report to the Securities and Exchange Commission for such fiscal year (or any other comparable report substituted therefor which includes certified annual financial information); (ii) as soon as available, and in any event within 55 days after the end of each of the first three quarterly periods of each such fiscal year, copies of its Form 10-Q Reports to the Securities and Exchange Commission for such quarterly periods (or any other comparable report substituted therefor which includes quarterly financial information), (iii) as soon as available, copies of reports which it furnishes to its preferred shareholders; and (iv) such other information as the Lessor or the Assignee may from time to time reasonably request.

Within 120 days after the end of each of its fiscal years, the Lessee will deliver to the Lessor and the Assignee a certificate signed by the President, any Vice President, the Treasurer or any Assistant Treasurer of the Lessee stating that a review of the activities of the Lessee during the fiscal year then ended has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its covenants and obligations under this Lease and the Conditional Sale Agreement and that, to the best of his knowledge, the Lessee during such period has kept, observed, performed and fulfilled each and every covenant and obligation con-

tained herein and in the Conditional Sale Agreement, or if an Event of Default under this Lease or the Conditional Sale Agreement shall exist, existed or if an event has occurred which, with notice, demand and/or lapse of time, would constitute such an Event of Default, specifying such Event of Default or such event and the nature and status thereof.

SECTION 10. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee as its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 14 of the Conditional Sale Agreement; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor or its successors and assigns may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Unit or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Unit or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages of any person; 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 Lessor that the Units described therein are in all of the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees for the benefit of the Lessor and the Assignee, to comply in all respects with all laws (including, without limitation, laws with respect to the

use, maintenance and operation of each Unit) of the jurisdictions in which operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission 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; and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may, at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Assignee, adversely affect the property title or rights of the Lessor or the Assignee under this Lease or under the Conditional Sale Agreement.

The Lessee agrees that, at its own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

Any and all additions to any Unit, and any and all parts installed on and additions and replacements made to any Unit, shall constitute accessions to such Unit and ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by the Conditional Sale Agreement or this Lease), shall immediately be vested in the Lessor and the Assignee as their respective interests appear in such Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Investor and the Assignee, and their respective successors, assigns, agents and servants, from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Conditional Sale Agreement or this Lease, including without limitation, those in any way relating to or arising or alleged to arise out of: (i) the manufacture, construction, financing, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, sublease, transport, storage, use, operation, condition, maintenance, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Lessor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (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, resulting or allegedly resulting from the condition of any thereof, and (vi) any violation or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the lease, ownership, use, replacement, adaptation or maintenance thereof. In the event that the Lessor shall become obligated to make any payment to the Builder pursuant to Article 14 of the Conditional Sale Agreement not covered by the foregoing sentence, the Lessee shall pay such additional amounts to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 14. The amount which the Lessee shall be required to pay with respect to any indemnification under this Section 10 shall be an amount sufficient to restore the indemnified party to the same net after-tax position, after considering the net after-tax effect of the receipt of such indemnification by the indemnified party on its United States Federal, state and local income taxes or franchise taxes based on net income, that the indemnified party would have been in had such taxes not been imposed. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease or any renewal term hereof.

The Lessee agrees to prepare, deliver to the Lessor for execution within a reasonable time prior to the required date of filing and file (or, to the extent permissible, to prepare for and file on behalf of the Lessor directly) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Assignee of the Units or the leasing thereof to the Lessee.

SECTION 11. Default. If during the continuance of this Lease or any renewal term hereof one or more of the following events (each such event being hereinafter sometimes called an Event of Default) shall occur:

(A) default shall be made in payment of any part of the rental provided in Section 3, and such default shall continue for ten days;

(B) default shall be made in payment of any amount required to be paid by the Lessee hereunder, other than the rental provided in Section 3, and

such default shall continue for ten days after written notice from the Lessor to the Lessee specifying such failure of payment and demanding that the same be paid;

(C) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(D) the Lessee shall fail to maintain insurance in accordance with Section 7;

(E) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained in this Lease, in the Conditional Sale Agreement or in any other agreement entered into concurrently herewith relating to the financing or leasing of the Units, and such default shall continue for 20 days after written notice from the Lessor to the Lessee and the Assignee specifying such default and demanding that the same be remedied;

(F) any proceedings shall be commenced by or against the Lessee (including but not limited to the filing of a petition for reorganization under Title 11 of the United States Code as now constituted or hereafter amended) for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against the Lessee, (i) such proceedings shall not 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) within 60 days after such proceedings shall have been commenced or (ii) all of the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for its respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 60 days after such petition shall have been filed or such proceedings shall have been commenced, whichever is earlier, or the

Lessee shall make a general assignment for the benefit of creditors or fail generally to pay its debts as they become due; or

(G) any representations or warranties made by the Lessee herein or in any other agreement, statement or certificate furnished to the Lessor or the Assignee in connection with this Lease or the transactions contemplated hereby, proves untrue in any material respect as of the date of issuance thereof;

then, in any such case, the Lessor, at its option, may:

(1) 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

(2) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the possession and use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may, by its agents, enter upon the premises of the Lessee or any other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatsoever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (a) as damages for loss of the bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Unit as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value thereof at such time, together with the prepayment premium which would be payable if a prepayment were then being

made pursuant to Article 4 of the Conditional Sale Agreement; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to this clause (a) with respect thereto, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Unit, together with the prepayment premium which would be payable if a prepayment were then being made pursuant to Article 4 of the Conditional Sale Agreement, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale, and (b) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental.

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

The failure of the Lessor to exercise any of 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.

The Lessor or the Lessee shall each give notice to the other and to the Assignee of any Event of Default of which the Lessor or the Lessee shall have knowledge.

In every case where there shall have occurred an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default, any amounts payable to the Lessee or title to Units conveyable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under this Section 11.

The foregoing provisions of this Section 11 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

SECTION 12. Return of Units upon Default. If this Lease shall terminate pursuant to Section 11, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and shall meet all applicable standards of the Department of Transportation and comply with the applicable Interchange Rules of the Mechanical Division of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) place the Unit or Units in the standard of condition as specified above;

(b) forthwith place such Units upon such storage tracks as the Lessor reasonably may designate;

(c) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(d) cause the same to be delivered to any carrier for shipment as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as in this Section 12 provided shall be at the expense and risk of the Lessee for a period of nine months following such termination and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor 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. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored as hereinabove provided within thirty days after such termination, the Lessee shall, in addition to any amounts payable

by the Lessee in accordance with Section 11, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .0486% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 12, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

SECTION 13. Assignment; Possession and Use; Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Such rights and obligations of the Lessor hereunder as shall be so assigned shall inure to the benefit of the Lessor's assigns. Whenever the term "Lessor" is used in this Lease, it shall apply and refer to the Lessor and each assignee of the Lessor.

The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any person which, if unpaid, might become a lien, charge, security interest or other encumbrance on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Assignee or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title of the Lessor in or to the Units or otherwise adversely affect its rights or the rights of the Assignee under this Lease or the Conditional Sale Agreement; and provided further, that this covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as 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. Nothing in this paragraph shall be deemed to prohibit any lien attaching to the leasehold interest of the Lessee under this Lease by

reason of the existence of an after-acquired property clause in any mortgage to which the Lessee is a party covering substantially all of its utility property.

So long as the Lessee shall not be in default under this Lease or under the Conditional Sale Agreement, the Lessee shall be entitled to the possession and use of the Units only for use in unit train service to haul coal or other commodities in bulk within the United States of America. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units; provided, however, that the Lessee may, upon notice to the Lessor, assign its interest in this Lease or sublease the Units (in groups of not less than 50 Units) for use as one or more unit trains as herein provided; provided that such assignment or sublease shall not affect the Lessee's obligations or liabilities hereunder.

SECTION 14. Disposition of Units upon Expiration of Term. Upon the expiration of the term of this Lease and the discharge of all the Lessee's obligations hereunder and under the Finance Agreement and the Conditional Sale Agreement, Lessor's absolute right to the possession of, title to and property in all Units then subject hereto shall vest in the Lessee, without further transfer or action on the part of the Lessor; however, the Lessor, if so requested by the Lessee, will execute and deliver to the Lessee, at the expense of the Lessee, a bill of sale for all such Units releasing the Lessor's interest therein, free of all liens, security interests and other encumbrances created or retained hereby or which result from claims against the Lessor not related to the ownership of the Units, the performance of the Lessor's duties and responsibilities under this Lease or any instrument referred to herein or any other transaction pursuant to or contemplated by this Lease or any instrument referred to herein.

SECTION 15. Opinion of Counsel. On each Closing Date under the Conditional Sale Agreement, the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee, addressed to the Lessor, to the effect provided in subparagraph (f) of the first paragraph of Section 5 of the Assignment. The Lessee will furnish the Lessor all documents to permit the Lessor to purchase any Replacement Units under the Conditional Sale Agreement.

SECTION 16. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Conditional Sale Agreement and the Assignment, and any amendments or supplements hereto or thereto, and any further assignments hereof and thereof, to be filed and recorded in

accordance with 49 U.S.C. §11303, and the Lessee will undertake the filing, registering, depositing and recording required of the Lessor under the Conditional Sale Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record (and will refile, re-register, re-deposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Assignee for the purpose of proper protection, to their satisfaction, of the Lessor's and the Assignee's respective interests in the Units, or for the purpose of carrying out the intention of and their respective rights under this Lease, the Lease Assignment, the Conditional Sale Agreement and the Assignment; and the Lessee will promptly furnish to the Lessor and the Assignee evidences of all such filing, registering, depositing and recording and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Assignee and their respective counsel. This Lease and the Conditional Sale Agreement shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

SECTION 17. Interest on Overdue Rentals. Anything herein to the contrary notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to the greater of (i) 18 1/2% per annum, or (ii) 3% per annum in excess of the per annum rate charged by Continental Illinois National Bank and Trust Company of Chicago from time to time to its largest and most credit-worthy commercial borrowers on 90-day commerical loans, on the overdue rentals and other obligations for the period of time during which they are overdue (computed in each case on the basis of a 360-day year of twelve 30-day months) or such lesser amount as may be legally enforceable.

SECTION 18. Intended Tax Benefits. In entering into this transaction and the transactions contemplated by the Finance Agreement, it is the intention of the Lessor and the Lessee that such transactions will result in the Lessee being treated as the owner of the Units for Federal and (to the extent applicable) state and local tax purposes and that the Lessee shall be entitled to any investment tax credit allowed under Section 38 and related sections of the Internal Revenue Code of 1954, as amended to the date hereof (the "Code"), with respect to the Units, to depreciation deductions authorized by Section 167 of the Code with respect to the Units and to interest deductions authorized by Section 163 of the Code on interest paid to the Assignee on the Conditional Sale Indebtedness. The Lessor agrees that

neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns, certificates or other documents inconsistent with the foregoing, and that the Lessor will, at the request of the Lessee, execute such documents and keep and make available for copying by the Lessee such records as may be reasonable and necessary to faciliate accomplishment of the intent hereof.

SECTION 19. Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, when mailed registered mail postage prepaid, at the following specified addresses:

(a) To the Lessor, c/o The Corporation Trust Company, P.O. Box 631, 100 West Tenth Street, Wilmington, Delaware 19801, attention of Joseph A. Barbera;

(b) To the Lessee, 428 Travis Street, P.O. Box 21106, Shreveport, Louisiana 71156, attention of Treasurer;

(c) To the Assignee, Two Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, attention of Corporate Trust Department;

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

SECTION 20. Severability; Effect and Modification of Lease. Any provision of this Lease prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be 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. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Lessee to the full extent permitted by law, to the end that this Lease shall be enforced as written.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and of the Lessee.

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

SECTION 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303 and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Lease and the Lease Assignment as shall be conferred by the laws of the several jurisdictions in which this Lease or the Lease Assignment shall be filed, recorded, registered or deposited.

SECTION 22. Execution. This Lease may be executed in any number of counterparts, but the counterpart delivered to the Assignee shall be deemed to be the original counterpart. Although this Lease is dated as of November 1, 1981 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

CASON CAR CORPORATION

By _____
President

(Corporate Seal)

Attest:

_____
Assistant Secretary

SOUTHWESTERN ELECTRIC POWER COMPANY

By _____
Vice President

(Corporate Seal)

Attest:

_____
Secretary

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On this 2nd day of DECEMBER, 1981, before me personally appeared J. A. Barbera, to me personally known, who, being by me duly sworn, said that he is President of Cason Car Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Maureen E. O'Connor
Notary Public

(Notarial Seal)

MAUREEN E. O'CONNOR
NOTARY PUBLIC, State of New York
No. 24-7789100
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1982

My commission expires

STATE OF ILLINOIS)
)SS
COUNTY OF LAKE)

On this 2nd day of DECEMBER, 1981, before me personally appeared ~~G. E. Cook~~ W. H. SNOW, to me personally known, who, being by me duly sworn, said that he is a Vice President of Southwestern Electric Power Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Robert W. Klein
Notary Public

(Notarial Seal)

My commission expires
6/27/83

Type	Quantity	Estimated Time and Place of Delivery
100-ton (4,000 cu. ft.) high-side steel gondola cars	362	December 1981 - April 1982, near Alliance, Nebraska

SEPX CAR NUMBERS

112241	112640	113042	113441	113841	114243	114642	115053	115461
112259	112658	113051	113450	113859	114251	114651	115061	115479
112267	112666	113069	113468	113867	114260	114669	115070	115487
112275	112674	113077	113476	113875	114278	114677	115088	115495
112283	112682	113085	113484	113883	114286	114685	115096	115509
112291	112691	113093	113492	113891	114294	114693	115100	115517
112305	112704	113107	113506	113905	114308	114707	115118	115525
112313	112712	113115	113514	113913	114316	114715	115126	115533
112321	112721	113123	113522	113921	114324	114723	115134	115541
112330	112739	113131	113531	113930	114332	114731	115142	115550
112348	112747	113140	113549	113948	114341	114740	115151	115568
112356	112755	113158	113557	113956	114359	114758	115169	115576
112364	112763	113166	113565	113964	114367	114766	115177	115584
112372	112771	113174	113573	113972	114375	114774	115185	115592
112381	112780	113182	113581	113981	114383	114782	115193	115606
112399	112798	113191	113590	113999	114391	114791	115207	115614
112402	112801	113204	113603	114006	114405	114804	115215	115622
112411	112810	113212	113611	114014	114413	114812	115223	115631
112429	112828	113221	113620	114022	114421	114821	115231	115649
112437	112836	113239	113638	114031	114430	114839	115240	115657
112445	112844	113247	113646	114049	114448	114847	115258	115665
112453	112852	113255	113654	114057	114456	114855	115266	115673
112461	112861	113263	113662	114065	114464	114863	115274	115681
112470	112879	113271	113671	114073	114472	114871	115282	115690
112488	112887	113280	113689	114081	114481	114880	115291	115703
112496	112895	113298	113697	114090	114499	114898	115304	115711
112500	112909	113301	113701	114103	114502	114901	115312	115720
112518	112917	113310	113719	114111	114511	114910	115321	115738
112526	112925	113328	113727	114120	114529	114928	115339	115746
112534	112933	113336	113735	114138	114537	114936	115347	115754
112542	112941	113344	113743	114146	114545	114944	115355	115762
112551	112950	113352	113751	114154	114553	114952	115363	115771
112569	112968	113361	113760	114162	114561	114961	115371	115789
112577	112976	113379	113778	114171	114570	114979	115380	115797
112585	112984	113387	113786	114189	114588	114987	115398	115801
112593	112992	113395	113794	114197	114596	114995	115401	115819
112607	113000	113409	113808	114201	114600	115002	115410	115827
112615	113018	113417	113816	114219	114618	115011	115428	115835
112623	113026	113425	113824	114227	114626	115029	115436	115843
112631	113034	113433	113832	114235	114634	115037	115444	115851
						115045	115452	