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June 4, 1999

RECORDATION NO. 22180 FILED

JUN 4 '99 2-20PM

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Equipment Leasing Agreement, dated as of June 4, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents, and two (2) copies of each of the following secondary documents related thereto: Lease Supplement No. 1 and Acceptance Notice, both dated as of June 4, 1999.

The names and addresses of the parties to the enclosed documents are:

Lessor: First Security Bank
79 South Main Street
Salt Lake City, Utah 84111

Lessee: Alabama Power Company
600 North 18th Street
Birmingham, Alabama 35203

A description of the railroad equipment covered by the enclosed documents is:

420 railcars bearing reporting marks and road numbers set forth on Schedule I attached hereto.

Also enclosed is a check in the amount of $78.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of each of the enclosed documents to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

SCHEDULE I

JHMX 991441-991500	60
JHMX 99841-991200	360
	420 cars

EQUIPMENT LEASING AGREEMENT

dated as of June 4, 1999

RECORDATION NO. 22180 FILED

JUN 4 '99 2-20PM

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Owner Trustee,

as the Lessor

and

ALABAMA POWER COMPANY,
as the Lessee

THIS IS COUNTERPART NO. 4 OF FIVE SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

Doc. #368410

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EQUIPMENT LEASING AGREEMENT

EQUIPMENT LEASING AGREEMENT dated as of June 4, 1999 (herein, as amended and supplemented from time to time, called "this Lease"), between **FIRST SECURITY BANK, NATIONAL ASSOCIATION**, not in its individual capacity but solely as Owner Trustee for the benefit of the Beneficiary under the Trust Agreement (together with its successors and permitted assigns herein called the "Lessor"), having its principal place of business at 79 South Main Street, Salt Lake City, Utah 84151, and **ALABAMA POWER COMPANY**, an Alabama corporation (together with its successors and permitted assigns herein called the "Lessee"), having its principal place of business at 600 North 18th Street, Birmingham, Alabama 35203.

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions; Construction.

(a) Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"AAR" means the Association of American Railroads or any successor thereto.

"Acceptance Date" for any Item of Equipment means the date on which the Lessee has accepted such Item for lease hereunder, as evidenced by the Lessee's execution and delivery of an Acceptance Notice for such Item dated such date.

"Acceptance Notice" means an Acceptance Notice substantially in the form attached hereto as Exhibit B, pursuant to which the Lessee accepts for lease hereunder one or more Items of Equipment.

"Additional Term" for each Item of Equipment covered by a Lease Supplement shall have the meaning given to such term in Section 27(c) hereof.

"Affected Party" means the Lessor or any of its successors and permitted assigns.

"Affiliate" means, with respect to any Person, another Person (i) which directly, or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, (ii) which, directly or indirectly, of record or beneficially, owns or holds 10% or more of the shares of any class of capital stock of such Person having voting power or (iii) as to which 10% or more of the shares of any of the capital stock of the Affiliate having voting power is owned or held, directly or indirectly, of record or beneficially, by or for such Person.

"After Tax Basis" means, with respect to any payment to be received, the amount of such payment increased so that, after deduction of the amount of all taxes required to be paid by the recipient (less any tax savings actually realized and the present value (discounted at the then-prevailing Applicable Rate) of any tax savings projected to be actually realized by the recipient as a result of, in the case of a cash basis taxpayer, the payment, or, in the case of an accrual taxpayer, the accrual of the amount in respect of which the indemnity payment is being made and in respect of the indemnity amount) with respect to the receipt or accrual by the recipient of such amounts, such increased payment (as so reduced) is equal to the payment otherwise required to be made.

"Applicable Law" shall mean all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, certificates, orders, interpretations, licenses and permits of any Governmental Authority (including the DOT, the FRA, the AAR Interchange Rules, Hazardous Materials Transportation Act, CERCLA, and the Oil Pollution Act of 1990) and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

"Applicable Rate" shall mean (i) for the Interim Term in respect of an Item of Equipment a per annum rate equal to 130 basis points in excess of the Treasury Rate (calculated on the basis of a 30-day month and a 360-day year) determined two (2) Business Days prior to the date an Acceptance Notice is executed and delivered by the Lessee, and (ii) for the Basic Term of a Lease Supplement a per annum rate equal to 130 basis points in excess of the Treasury Rate (calculated on the basis of a 30-day month and a 360-day year) determined two (2) Business Days prior to the Basic Term Commencement Date specified in such Lease Supplement. The Applicable Rate for any Additional Term means a per annum rate selected by the Lessor in its sole discretion (based on the then applicable interest rate environment, credit and such other considerations as the Lessor may deem appropriate) on or prior to the date seventy-five (75) days prior to the commencement of such Additional Term. "Treasury Rate" with respect to the Applicable Rate means the yield to maturity of the 6⅞% U.S. Treasury Note maturing on May 15, 2006, as quoted on the Bloomberg Financial Market.

"Appraisal" means, with respect to any Item, an appraisal of the Fair Market Sales Value of such Item by an appraiser selected by the Lessor and satisfactory to the Lessee.

"Assignee" shall have the meaning given to such term in Section 13(b) hereof.

"Basic Rent" means the rent payable for each Item of Equipment covered by a Lease Supplement during (i) the Basic Term thereof pursuant to Section 7(b) hereof, and (ii) each Additional Term (if this Lease is extended) pursuant to Section 27(c) hereof.

"Basic Term" for each Item of Equipment covered by a Lease Supplement means the period commencing on the Basic Term Commencement Date specified in such Lease Supplement and ending on the seventh anniversary of such date unless earlier terminated in accordance with the provisions hereof.

"Basic Term Commencement Date" for each Item of Equipment covered by a Lease Supplement shall have the meaning set forth in such Lease Supplement.

"Beneficiary" shall mean Pitney Bowes Credit Corporation, its successors and permitted assigns.

"Bond Indenture" means that certain Indenture from the Lessee to Chemical Bank & Trust Company, Trustee, dated as of January 1, 1942, as heretofore and as hereafter may be amended.

"Business Day" means any day other than a day on which banking institutions in the State of Utah or the State of Alabama are authorized or required by law to close.

"Casualty Loss Value" with respect to any Item of Equipment as of the Casualty Loss Value Payment Date with respect to such Item means an amount determined by multiplying the Equipment Cost of such Item of Equipment by the percentage set forth opposite such Casualty Loss Value Payment Date on Schedule I attached to the Lease Supplement covering such Item.

"Casualty Loss Value Payment Date" with respect to any Item of Equipment shall mean the earlier of (i) the day that is ninety (90) days after the date of the Event of Loss applicable to such Item or (ii) the Rent Payment Date next following the date of the Event of Loss applicable to such Item (or the last day of the Term, if sooner) and shall be as set forth in the Schedule of Casualty Loss Values attached to the Lease Supplement for such Item but in no event shall the Casualty Loss Value Payment date be sooner than the first to occur of (a) receipt of the insurance proceeds or (b) forty-five (45) days after the date of the Event of Loss.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended.

"Closing Date" means the date of the execution and delivery of this Lease by the parties hereto.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, or any comparable successor law.

"Deemed Event of Loss" shall mean that, at any time during the Term, either the Lessor or any of its Affiliates, by reason of the ownership of the Equipment or any part thereof or the lease of the Equipment to the Lessee under this Lease or any other transaction contemplated by this Lease or any of the other documents executed and delivered in connection herewith, shall be deemed, by any Governmental Authority having jurisdiction, to be, or to be subject to regulation as an "electric utility", a "gas utility" or a "public utility" or a "public utility holding company" or an "affiliate" of any of the foregoing or similar term, under any Applicable Law or deemed a "public utility company" or a "subsidiary company" or a "holding company" within the meaning of the 1935 Act, provided, however, that (A) if the Lessee or the Lessor shall be permitted to contest or to assert an exemption

from the foregoing categorizations that would otherwise constitute a Deemed Event of Loss, and (B) the Lessee, with the cooperation of the Lessor, shall have acted diligently and in good faith to contest or obtain an exemption from the requirements of Applicable Law that would otherwise constitute a Deemed Event of Loss, then such Deemed Event of Loss shall be deemed not to have occurred for such period as is permitted for the assertion of such contest or exemption under such Applicable Law, so long as (C) the Lessee shall have furnished to the Lessor an opinion of independent counsel in form and substance reasonably satisfactory to the Lessor, to the effect that there exists substantial authority for such contest or exemption and that a determination under such Applicable Law shall be effectively stayed during the application for exemption or contest, (D) such contest or exemption shall not adversely affect the Lessor's rights under this Lease or to the Equipment, or involve any material risk of the sale, foreclosure or loss of its rights under this Lease or the Equipment or impose any material risk of civil liability or any risk of criminal liability on the Lessor (except for minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished)), and (E) the Lessee shall have agreed to indemnify the Lessor and its Affiliates for Expenses incurred in connection with such contest or exemption.

"Default" means any condition or event that after notice or lapse of time or both would constitute an Event of Default.

"Disclosure Documents" means the Lessee's (i) Annual Report on Form 10-K for the year ended December 31, 1998, and (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.

"DOT" means the U.S. Department of Transportation or any successor thereto.

"End-of-Term Purchase Option Amount" shall have the meaning given to such term in Section 27(a)(I).

"Equipment" means the Trinity aluminum railcars of the type(s) described on each Lease Supplement and leased or to be leased by the Lessor to the Lessee hereunder, together with any and all accessions, additions, improvements, appliances, parts, instruments, appurtenances, accessories, furnishings, replacements and other equipment of whatever nature from time to time incorporated or installed therein which are or become the property of the Lessor pursuant to the terms of this Lease.

"Equipment Cost" of each Item of Equipment means an amount as reflected on the Acceptance Notice (until replaced by a Restated Lease Supplement pursuant to Section 12 of the relevant Lease Supplement and then as reflected on such Restated Lease Supplement) covering such Item equal to the sum of (i) the total cost paid by the Lessor for such Item, plus (ii) all Transaction Expenses approved and paid by the Lessor in connection with the delivery of such Item (it being understood that, for the purposes of utilizing Equipment Cost to determine Interim Rent, Basic Rent, Casualty Loss Value, Maximum Lessee Risk Amount and Maximum Lessor Risk Amount with

respect to an Item of Equipment, Transaction Expenses will be applied pro rata to all Items of Equipment then subject to the applicable Lease Supplement).

"Equipment Documents" means the disclosure materials related to the description and specifications of the Equipment, as such documents may be amended or supplemented from time to time, provided to the Lessor by the Lessee, and identified as such by the parties hereto on the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control within the meaning of the regulations under Section 414(b), (c) or (m) of the Code as amended from time to time.

"ERISA Event" means (i) a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC; (ii) the provision by the administrator of any Plan of notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (iii) the cessation of operations at a facility resulting in the termination of employment of 20% or more of the total number of participants in a Plan; (iv) the withdrawal by the Lessee or an ERISA Affiliate of the Lessee from a Multiemployer Plan during any plan year for which material liability may be incurred by the Lessee or such ERISA Affiliate as a result of the imposition of any withdrawal liability (within the meaning of Section 4201 of ERISA); (v) the failure by the Lessee or an ERISA Affiliate of the Lessee to make a payment to a Plan required under Section 302(e) of ERISA, which failure results in the imposition of a Lien pursuant to Section 302(f) of ERISA for failure to make required payments; (vi) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (vii) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

"Event of Default" means any of the events referred to in Section 21 hereof.

"Event of Loss" with respect to any Item of Equipment means (except as caused by the Lessor's gross negligence or willful misconduct, other than any such negligence or misconduct as may be imputed to the Lessor solely by reason of its interest in the Equipment) (i) the permanent loss of such Item of Equipment, (ii) unless the Lessee has irrevocably exercised its purchase option as to that Item under Section 27(a) hereof or that Item is sold under Section 27(b) hereof, the loss of the use of such Item of Equipment due to theft or disappearance for a period in excess of ninety (90) days or the remainder of the then applicable Term, whichever is less, (iii) the destruction, damage beyond repair, or rendition of such Item of Equipment permanently unfit for normal use for any reason whatsoever, (iv) the condemnation, confiscation, seizure, or requisition of title to such Item of

Equipment by any Governmental Authority under the power of eminent domain or otherwise, (v) a Deemed Event of Loss, (vi) the use of such Item of Equipment shall have been prohibited in interstate commerce for a continuous period in excess of the lesser of six months or the balance of the then-applicable Term as a result of any rule, regulation or order of, or other action by, the U.S. government or any agency or instrumentality thereof or (vii) damage to such Item or any part thereof or any other event that results in an insurance settlement on the basis of a total loss or a constructive or compromised total loss.

"Expenses" shall mean liabilities, obligations, losses (excluding loss of anticipated profits, provided that such exclusion shall not affect the Lessor's right to any Make-Whole Amount required to be paid under this Lease), damages, claims, actions, suits, judgments, fees, charges (including demurrage charges), penalties, and out-of-pocket costs, expenses and disbursements (including reasonable out-of-pocket legal fees and expenses) of any kind and nature whatsoever.

"Fair Market Sales Value" means, with respect to any Item, the amount that would be paid in cash in an arm's-length transaction between an informed and willing purchaser and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, for the ownership of such Item based on the actual condition of such Item.

"FRA" means the Federal Railroad Administration or any successor thereto.

"Funding" means, with respect to any Item of Equipment, the payment by the Lessor of the Equipment Cost for such Item of Equipment covered by a Lease Supplement.

"Funding Date" means the date on which a Funding occurs.

"Funding Notice" is defined in Section 4(b) hereof.

"Governmental Authority" shall mean any Federal, state, county, municipal or regional governmental authority, agency, board, body, instrumentality or court (including the DOT and AAR).

"[I]ncluding" means including, without limitation.

"Indemnified Party" is defined in Section 18 hereof.

"Indenture" shall have the meaning given the same in Section 13(b) hereof.

"Indenture Trustee" shall mean a trust company chartered under the laws of the United States or a state of the United States and based in the United States which is the indenture trustee under an Indenture, if any, pursuant to which the Lessor collaterally assigns its interest in this Lease as security in accordance with Section 13(b) hereof.

"Interest Component" means, with respect to any Rent Payment Date in respect of each Item of Equipment covered by a Lease Supplement, the amount obtained by multiplying (a) the Applicable

Rate for the Rental Period ending on such Rent Payment Date by (b) the number of days in such Rental Period (calculated on the basis of a 30-day month) by (c) 1/360 by (d) the Unamortized Lease Balance with respect to such Item of Equipment at the previous Rent Payment Date, or during an Interim Term, the Equipment Cost of such Item of Equipment.

"Interim Rent" means the rent payable for each Item of Equipment during the Interim Term thereof pursuant to Section 7(a) hereof.

"Interim Term" for each Item of Equipment means the period commencing on the Funding Date therefor and ending one (1) day prior to the Basic Term Commencement Date applicable thereto.

"Internal Revenue Service" means the United States Internal Revenue Service or any successor agency or regulatory authority.

"Item of Equipment" or "Item" means one of the units of Equipment more specifically described in a Lease Supplement and leased or to be leased to the Lessee hereunder, together with the related appurtenances, additions, improvements, equipment and replacements thereto.

"Lease" is defined in the preamble hereof.

"Lease Supplement" means a Lease Supplement substantially in the form attached hereto as Exhibit A, to be executed by the Lessor and the Lessee with respect to the Items of Equipment covered thereby as provided in Section 4 hereof, evidencing that each such Item is or will be leased hereunder.

"Lessee" is defined in the preamble of this Lease.

"Lessor" is defined in the preamble of this Lease.

"Lien" means liens, mortgages, encumbrances, pledges, claims, leases, charges and security interests of any kind.

"Make Whole Amount" means, as of the date of any determination thereof, the excess, if any, of (i) the present value, as of such date, of the remaining Principal Components and Interest Components and, without duplication, the End-of-Term Purchase Option Amount (assuming such option would have been exercised) payable pursuant to Section 27(a)(I) with respect to an Item that, but for the early purchase, Event of Loss or Event of Default, as the case may be, would have been payable under this Lease on such date and on the Rent Payment Dates after such date until the expiration of the Basic Term over (ii) the Unamortized Lease Balance as of such date of determination with respect to such Item. Such present value shall be determined by discounting the amounts of such installments semi-annually from their respective payment dates to the date of any determination at a rate equal to the Treasury Rate (as defined below). "Treasury Rate" with respect to the Make Whole Amount means the weekly average of the yield on a hypothetical United States

Treasury security with a constant maturity matching the remaining average life to maturity of such Principal Component. The hypothetical Treasury security is to be derived by referring to the most recently available information (by not more than ten (10) nor less than five (5) Business Days preceding the date of the purchase) contained in the Federal Reserve Board's Statistical Release H.15 (519) (or its successor publication). If there is a Treasury constant maturity listed in said Federal Reserve Release H.15 (519) with a maturity equal to the then-remaining average life to maturity of such Principal Component then the yield on such Treasury security shall be the Treasury Rate. If no such Treasury constant maturity exists, then the weekly average yield on such Treasury security shall be linearly interpolated from the weekly average yields on (a) the Treasury security with a constant maturity closest to and greater than the then-remaining average life to maturity of such Principal Component and (b) the Treasury security with a constant maturity closest to and less than the then-remaining average life to maturity of such Principal Component. If there shall be no Treasury security with a constant maturity less than the then-remaining average life to maturity on such Principal Component, then the Treasury Rate shall mean the weekly average yield on the Treasury security with the shortest Treasury constant maturity. If said Federal Reserve Release H.15 (519) 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 Lessor and the Lessee.

"Manufacturer" means, with respect to each Item of Equipment, the manufacturer or supplier thereof specified in the Lease Supplement with respect to such Item.

"Maximum Equipment Cost" means $128,730,000.

"Maximum Lessee Risk Amount" for an Item of Equipment shall mean an amount equal to the percentage set forth in the Lease Supplement covering such Item under the caption "Maximum Lessee Risk Percentage" applicable to the Basic Term then ending, multiplied by the Equipment Cost for such Item.

"Maximum Lessor Risk Amount" for an Item of Equipment shall mean an amount equal to the percentage set forth in the Lease Supplement covering such Item under the caption "Maximum Lessor Risk Percentage" applicable to the Basic Term then ending, multiplied by the Equipment Cost for such Item.

"Multiemployer Plan" shall have the meaning assigned to the term "multiemployer plan" in Section 3(37) of ERISA.

"Net Proceeds of Sale" is defined in Section 28.

"1935 Act" means the Public Utility Holding Company Act of 1935, as amended.

"Owner Trustee" means First Security Bank, National Association, as Owner Trustee under the Trust Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor entity) established under ERISA.

"Permitted Liens" shall mean:

(a) (i) any rights in favor of the Lessor or any Assignee under the Lease and the related documents and (ii) any rights of any persons entitled to use of the Equipment in accordance with this Lease;

(b) any Lien on the Lessee's rights in this Lease and the Lessee's interest in the Equipment contained in the Bond Indenture;

(c) any Lien (including Liens of landlords, carriers, warehousemen, mechanics or materialmen) in favor of any person securing payment of the price of goods or services provided in the ordinary course of business for amounts the payment of which is not overdue or is being contested in good faith by appropriate proceedings diligently prosecuted so long as such proceedings do not involve any risk of the sale, forfeiture or loss of one or more Items of Equipment or any part thereof and such proceedings do not involve any risk of civil liability to the Lessor or any risk of criminal liability to the Lessor (other than minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished));

(d) (i) any Lien arising out of any act of, or any failure to act by, or any claim (including any claim for taxes) against, the Lessor, any Assignee or any of their Affiliates which is either not required to be indemnified by the Lessee under this Lease or unrelated to the transactions contemplated by this Lease or any Lien arising out of any breach by the Lessor, any Assignee or any of their Affiliates of their obligations under this Lease or any related documents (provided the foregoing shall not be construed so as to permit the Lessor or any Assignee or any of their Affiliates to violate the terms of this Lease) and (ii) the Lien created by any Indenture;

(e) any Lien for taxes, assessments or other governmental charges which are not delinquent or the validity of which is being contested in good faith by appropriate proceedings diligently prosecuted so long as such proceedings do not involve any risk of the sale, forfeiture or loss of one or more Items of Equipment or any part thereof and such proceedings do not involve any risk of civil liability to the Lessor or any risk of criminal liability to the Lessor (other than minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished)) and appropriate reserves are maintained by the Lessee in respect of such taxes, assessments or charges; and

(f) attachments, judgments and other similar Liens arising in connection with court proceedings, provided that within sixty (60) days of the attachment thereof (or five (5) days prior to any execution or sale pursuant thereto), the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being contested in good faith and by appropriate proceedings so long as such proceedings do not involve any risk of the sale, forfeiture or loss of one or more Items of Equipment or any part thereof and such proceedings do not involve any risk of civil liability to the Lessor or any risk of criminal liability to the Lessor (other than minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished)) and if so requested by the Lessor, are covered by a bond satisfactory to the Lessor, or if so requested by the Lessor, appropriate reserves are maintained by the Lessee in respect of such claims.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or Governmental Authority.

"Plan" shall mean (a) with respect to the Lessee, any plan described in Section 3(3) of ERISA under which the Lessee or any ERISA Affiliate of the Lessee has any liability, and (b) with respect to any other person, any employee benefit plan or other plan established or maintained by such person for the benefit of such person's employees and to which Title IV of ERISA applies.

"Principal Component" means, with respect to an Item of Equipment, the applicable Principal Component set forth on Schedule III to the relevant Lease Supplement for such Item of Equipment.

"Rent Payment Date" in respect of an Item of Equipment shall mean, with respect to the Interim Term, the Basic Term Commencement Date therefor and thereafter as specified in the relevant Lease Supplement.

"Rental Period" for each Item of Equipment means (i) initially, the period commencing on the Funding Date therefor and ending one (1) day prior to the Basic Term Commencement Date, (ii) then, the period commencing on the Basic Term Commencement Date and ending on the immediately succeeding Rent Payment Date and (iii) thereafter, each period beginning on the first day after the last day of the preceding Rental Period and ending on the next succeeding Rent Payment Date.

"Responsible Officer" means, with respect to the subject matter of any covenant, agreement or obligation of any Person contained herein in the related transaction documents, the President, any Vice President, the Chief Financial Officer or the Treasurer who, in the normal performance of such person's operational responsibility, would have knowledge of such matter and the requirements with respect thereto.

"SEC" means the United States Securities and Exchange Commission or any successor agency or regulatory authority.

"Supplemental Payments" means without duplication all amounts, liabilities and obligations which the Lessee assumes or agrees to pay hereunder to the Lessor or others, including payments of Casualty Loss Value, Make Whole Amount and any indemnities that may become payable by the Lessee hereunder, but excluding Interim Rent and Basic Rent.

"Tax Indemnitee" is defined in Section 17 hereof.

"Term" means the full term of this Lease with respect to any Item of Equipment, including the Interim Term, the Basic Term and each Additional Term (if any) applicable to such Item.

"Termination Date", for an Item of Equipment, means the last day of the Basic Term applicable to such Item, or if the Term of such Item has been extended pursuant to Section 27(c), the last day of the Additional Term, if any, applicable to such Item.

"Transaction Expenses" means all costs and expenses incurred in connection with the preparation, execution and delivery of this Lease and the transaction documents and the transactions contemplated thereby including:

(a) the reasonable fees, out-of-pocket expenses and disbursements of counsel for each of the Lessor and the Lessee in preparing and negotiating the terms of the transaction documents, including this Lease, the Lease Supplements and any documents, agreements and instruments necessary to consummate the transactions contemplated thereby, preparing for the closing under, and rendering opinions in connection with, such transactions and in rendering other services customary for counsel representing parties to transactions contemplated by such transaction documents, provided, however, that the Lessor's expenses for the foregoing for which the Lessee shall be liable shall not when aggregated with all similar expenses under or in connection with any other leases or lease supplements and related documents previously executed by Lessee and Lessor exceed $30,000;

(b) the reasonable fees, out-of-pocket expenses and disbursements of any law firm or other external counsel of the Lessor in connection with (1) any amendment, supplement, waiver or consent with respect to any transaction documents requested or approved by the Lessee and (2) any enforcement of any rights or remedies against the Lessee in respect of such transaction documents;

(c) all Appraisal costs; and

(d) any and all taxes and fees incurred in recording, registering or filing this Lease, any Lease Supplement or any other transaction document, any deed, declaration, mortgage, security agreement, notice or financing statement with any

public office, registry or governmental agency in connection with the transactions contemplated by the transaction documents.

"Trust Agreement" means that certain Trust Agreement dated on or about the date hereof between the Owner Trustee and the Beneficiary, in substantially the form attached hereto as Exhibit C, as the same may from time to time be amended, modified or supplemented, provided such amendment does not diminish the Lessee's rights or result in increased liability or costs to the Lessee.

"Unamortized Lease Balance" for each Item of Equipment means the sum reflected on Schedule III to the Lease Supplement for such Item for the relevant date of determination.

(b) Construction. The words "this Lease", "herein", "hereunder", "hereof" or other like words mean this Equipment Leasing Agreement (including each schedule, exhibit, and other attachment), as from time to time supplemented and amended.

2. Agreement for Purchase and Lease of Equipment.

(a) Purchase. Subject to the terms and conditions of this Lease, on each Funding Date the Lessor shall purchase the Items of Equipment listed in the Funding Notice relating to the Funding to be made on such Funding Date for the aggregate Equipment Cost specified in such Funding Notice. The Lessor will pay the Equipment Cost to the Manufacturer of the applicable Items of Equipment and the other Persons to be paid that portion of Equipment Cost constituting Transaction Expenses (to the extent invoiced) on such Funding Date by wire transfer of immediately available funds to such account in the United States as designated in writing to the Lessor at least two (2) Business Days prior to such Funding Date.

(b) Lease. Subject to, and upon all of the terms and conditions of this Lease, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor each Item of Equipment listed in a Funding Notice for the Term with respect to such Item. Provided that no Event of Default has occurred and is continuing hereunder, neither the Lessor nor any Assignee, nor anyone claiming through or under the Lessor or any Assignee, shall cause or allow any Lien attributable to it to exist or arise against any of the Equipment except for Permitted Liens other than those described in clause (d)(i) of the definition of Permitted Liens, and Liens which are required to be removed by the Lessee under the terms of this Lease or interfere with the Lessee's quiet enjoyment and use of any Item of Equipment by the Lessee (or any permitted transferee from the Lessee) during the Term therefor. Without limiting the foregoing, the Lessor covenants and agrees that all of the Liens described in clause (d) of the definition of Permitted Liens and the rights of any holder or transferee thereof shall be released upon any purchase or sale pursuant to Section 27(a) or Section 27(b) hereof.

3. Conditions Precedent. The Lessor shall have no obligation to purchase any Item of Equipment nor to lease the same to the Lessee unless each of the following conditions are fulfilled to the satisfaction of the Lessor on or prior to the applicable Funding Date:

(a) this Lease shall have been executed and delivered by the parties hereto, and no Default or Event of Default shall have occurred and be continuing;

(b) no material adverse change in the financial condition of the Lessee which, in the Lessor's opinion, would impair the ability of the Lessee to pay and perform its obligations under this Lease has occurred, except as expressly contemplated and disclosed under the Disclosure Documents, since the date of the Disclosure Documents;

(c) such Item of Equipment shall be free from material damage and, be acceptable to the Lessor, and free and clear of all Liens, other than any Permitted Lien;

(d) the Lessor shall have received an Appraisal of such Item, dated within sixty (60) days of the applicable Funding Date, which Appraisal shall show (i) the remaining economic useful life of such Item as of the appraisal date, which shall be satisfactory to the Lessor, (ii) that the Fair Market Sales Value of such Item as of the appraisal date shall not be less than the Equipment Cost thereof and (iii) the projected Fair Market Sales Value of such Item as of the last day of the Basic Term, which shall be satisfactory to the Lessor;

(e) the Lessor shall have received an Acceptance Notice covering such Item of Equipment, duly executed by the Lessee;

(f) the Lessor shall have received an invoice or a bill of sale for such Item of Equipment from the Manufacturer thereof, approved for payment by the Lessee, showing the Lessor as the purchaser of such Item;

(g) the Lessor shall have received a Lease Supplement covering such Item, duly executed by the Lessee;

(h) the Lease, the Lease Supplement and the Acceptance Notice covering such Item, shall have been duly filed with the Surface Transportation Board of the DOT and the Lessor shall have received an opinion from Lessor's special Surface Transportation Board counsel in substantially the form of Exhibit D attached hereto;

(i) the Lessor shall have received a copy of (1) resolutions of the Lessee's board of directors (or its Finance Committee) authorizing the execution, delivery and performance by the Lessee of this Lease certified by the Lessee's Secretary or Assistant Secretary, (2) the Alabama Secretary of State's certificate regarding the Lessee's certificate of incorporation and all amendments thereto, and (3) the Lessee's by-laws certified by the Lessee's Secretary or Assistant Secretary together with an incumbency certificate certifying the authority and signature of the officer executing this Lease on behalf of the Lessee;

(j) the Lessor shall have received a legal opinion of the Lessee's counsel in the form of Exhibit E hereto;

(k) the Lessor shall have received a fully executed Funding Notice with respect to the Funding;

(l) if such Funding Date does not occur on the date hereof, the Lessor shall have received a certificate from the Lessee (executed on its behalf by a Responsible Officer of the Lessee) to the effect that the representations and warranties of the Lessee contained herein shall be true and correct on and as of such Funding Date with the same effect as though made on and as of such Funding Date;

(m) the Lessor shall have received certificates of insurance, loss payable endorsements and other evidence that the Lessee has complied with the provisions of Section 16; and

(n) the Lessor shall have received such other documents, instruments, agreements and opinions as it may reasonably request.

4. Delivery, Acceptance and Leasing of Equipment; Funding.

(a) Delivery, Acceptance and Leasing. The Lessor shall not be liable to the Lessee for any failure or delay in obtaining any Item of Equipment or making delivery thereof. Forthwith upon delivery of each Item of Equipment to the Lessee, the Lessee or its agents will promptly inspect such Item, and unless the Lessee gives the Lessor prompt written notice of any defect in or other proper objection to such Item, the Lessee shall promptly upon completion of such inspection execute and deliver to the Lessor an Acceptance Notice, dated the Acceptance Date of such Item. **The execution and delivery by the Lessor and the Lessee of an Acceptance Notice for an Item of Equipment shall (i) evidence that such Item is leased under, and is subject to all of the terms, provisions and conditions of, this Lease, and (ii) constitute the Lessee's unconditional acceptance for lease of such Item under this Lease.**

(b) Funding. The Funding shall be made on notice from the Lessee to the Lessor received by the Lessor not later than two (2) Business Days prior to the proposed Funding Date; provided, however, that (i) the aggregate of all Equipment Costs paid for by the Lessor, after giving effect to the Funding, when added to all equipment costs paid for by the Lessor with respect to equipment subject to other leases between the Lessor and the Lessee, shall not exceed the Maximum Equipment Cost and (ii) the Lessor shall have received all documents and instruments required to be delivered under Section 3 at least two (2) Business Days prior to the proposed Funding Date. The notice of Funding shall be in the form of Exhibit F (each a "Funding Notice"), and shall specify the date of the proposed Funding, the aggregate Equipment Cost for the Items covered by the relevant Lease Supplement (including Transaction Expenses) to be funded on such date and the list of Equipment to be funded by the Lessor on such date, and shall be accompanied by the Manufacturer's invoices and/or bills of sale for the Equipment to be funded.

(c) Characterization. As further described herein, the Lessee and the Lessor hereby agree to treat the arrangement created pursuant to this Lease as a financing or conditional sale for Federal income tax purposes.

5. Term. In the event the Acceptance Date for any Item of Equipment is earlier than the Basic Term Commencement Date for such Item, the Interim Term with respect to such Item shall commence on the Acceptance Date and shall continue up to but not including the Basic Term Commencement Date set forth in the applicable Lease Supplement. The Basic Term for each Item of Equipment shall commence on the Basic Term Commencement Date thereof and, unless this Lease is sooner terminated with respect to such Item (or all Equipment) pursuant to the provisions hereof, shall end on the last day of the Basic Term thereof, as specified in the applicable Lease Supplement, or if this Lease is extended with respect to such Item pursuant to Section 27(c) hereof, for one or more Additional Terms as specified therein.

6. Return of Equipment. Upon the expiration or earlier termination or cancellation of the Term with respect to each Item of Equipment (unless the Lessee has exercised its purchase option with respect thereto pursuant to Section 27(a) hereof or a sale thereof has been consummated on the Termination Date with respect thereto pursuant to Section 27(b) hereof), the Lessee will, at its expense, surrender and deliver possession of each Item of Equipment to the Lessor or the Lessor's agent on the Termination Date at such location along the rail route(s) then used by the Lessee in the ordinary usage of the Equipment as shall be designated by the Lessor in writing (not to exceed three (3) locations) at least ninety (90) days prior to the termination or expiration of the applicable Term or in the absence of such designation, at the then location of each such Item. Notwithstanding anything to the contrary contained in the foregoing or in clause (II) below, for purposes of Section 22(a)(i) hereof, the Lessee shall, at its expense store the Equipment at such locations as the Lessor shall designate until such time as the Lessor shall have disposed of the Equipment. At the time of such return to the Lessor, each Item of Equipment (and each part or component thereof) shall:

(a) be in as good condition, state of repair, and appearance as when delivered to the Lessee hereunder, ordinary wear and tear excepted, and not in immediate need of any further repair or reconditioning,

(b) comply with all laws and rules referred to in Sections 9 and 10 hereof, shall have been maintained in accordance with the terms of this Lease (and all modifications or alterations of such Equipment that were undertaken prior to the Termination Date shall have been fully accomplished and completed), and no Default or Event of Default shall have occurred and be continuing hereunder,

(c) conform to and comply with all applicable Governmental Authority (including DOT and FRA) safety rules and regulations (without exemption, waiver or deferment),

(d) be suitable for interchange under the rules and regulations of the AAR and FRA, to the extent the Equipment was originally designed and approved,

provided that the Lessee shall not be required to make any modifications which would not be required of the Lessee if the Lessee were to continue to operate the Equipment,

(e)(i) have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 11 hereof, (ii) have had removed therefrom in a workmanlike manner if so requested by the Lessor or any Assignee at the Lessee's expense any addition, modification or improvement which, as provided in Section 11 hereof, is owned by the Lessee, and (iii) have had removed therefrom, or painted over, in either case in a workmanlike manner, any insignia or marking permitted pursuant to Section 12 hereof,

(f) be suitable for hauling coal,

(g) be free from all material accumulations or deposits from commodities transported in or on it while in the service of the Lessee and be free of corrosion, ordinary wear and tear excepted,

(h) shall not have any missing or damaged parts or any structural or mechanical damage on any surface or device, ordinary wear and tear excepted, and

(i) be free and clear of all Liens, other than the Permitted Liens specified in clause (a)(i) or clause (d) of the definition thereof.

The Lessee shall pay for any repairs necessary to restore any Item of Equipment to the condition required by this Lease.

For the purpose of delivering possession of any Items of Equipment as above required, the Lessee shall at its own cost, expense and risk:

(I) forthwith and in the usual manner (including, to the extent legally required by Applicable Law, to protect the Lessor's or any Assignee's interest in the Items of Equipment) give prompt electronic and written notice to all railroads to which any Items of Equipment have been interchanged or which may have possession thereof to return the Items of Equipment and place such Items of Equipment upon such storage tracks along the rail routes then used by the Lessee in the ordinary usage of the Equipment as the Lessor reasonably may designate;

(II) if requested by the Lessor, cause such Items of Equipment to be stored on such tracks at the risk of the Lessee without charge to the Lessor or any Assignee for insurance, rent or storage until all such Items of Equipment have been sold, leased or otherwise disposed of by the Lessor for a period not to exceed ninety (90) days after the Termination Date; and

(III) deliver to the Lessor, if requested, all manuals and inspection, modification, overhaul and maintenance records applicable to such Items of Equipment (which records may exclude the cost of repairs, maintenance, modifications and overhauls).

During any storage period, the Lessee will maintain and keep the Items of Equipment in the manner set forth in Section 10 hereof and permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or other user of any Items of Equipment, to inspect the same during normal business hours at such inspector's own risk, cost and expense.

Until all Items of Equipment covered by a Lease Supplement have been returned to the Lessor in the condition and as otherwise provided in this Section 6 hereof, purchased under Section 27(a) hereof or sold under Section 27(b) hereof, the Lessee shall continue to pay the Lessor rent for all Items of Equipment covered by such Lease Supplement at a per diem rate equal to the daily equivalent of the Basic Rent that was payable on the last Rent Payment Date until all Items of Equipment covered by a Lease Supplement are returned to the Lessor; provided, that during such holdover period, the Lessee shall use its best efforts to secure the return of the Equipment as required under this Section 6. The provision for payment pursuant to this Section 6 shall not be in abrogation of the Lessor's right under this Section 6 to have such Equipment returned to it hereunder.

7. Interim Rent, Basic Rent and Other Payments.

(a) Interim Rent. The Lessee hereby agrees to pay to the Lessor Interim Rent in respect of an Item of Equipment at the Applicable Rate as set forth in the relevant Lease Supplement from and including the Acceptance Date therefor, to but not including, the Basic Term Commencement Date. Payments of Interim Rent are due and payable on the Basic Term Commencement Date.

(b) Basic Rent. The Lessee hereby agrees to pay to the Lessor Basic Rent semi-annually, in arrears, for each Item of Equipment covered by a Lease Supplement during the Basic Term thereof on each Rent Payment Date during the Basic Term in the sum of (i) the Principal Component payable with respect to such Rent Payment Date plus (ii) the Interest Component payable with respect to the Rental Period ending on such Rent Payment Date.

(c) Supplemental Payments. The Lessee also agrees to pay to the Lessor, or to whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments, promptly as the same shall become due and owing, and in the event of any failure on the part of the Lessee so to pay any such Supplemental Payment hereunder, the Lessor shall (except as otherwise specified herein) have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent.

(d) Method of Payment. All payments of Interim Rent, Basic Rent and Supplemental Payments required to be made by the Lessee to the Lessor shall be made by wire transfer of immediately available funds no later than 1:00 p.m., Birmingham, Alabama time, to such account of

the Lessor as specified on Schedule II hereto (or such other account of the Lessor as the Lessor may hereafter designate in writing to the Lessee or to an Indenture Trustee's account, if any, in respect of the Lessor's collateral assignment of its rights hereunder as specified by the Lessor). If the date that any payment of Basic Rent is due is other than a Business Day, the payment of Basic Rent otherwise payable on such date shall be payable on the next succeeding Business Day. In the event of any assignment to an Assignee pursuant to Section 13(b) hereof, all payments which are assigned to such Assignee, whether Interim Rent, Basic Rent, Supplemental Payments or otherwise, shall be paid by wire transfer of immediately available funds to an account in the United States designated by the Person entitled to receipt thereof.

8. Net Lease. **This Lease is a net lease. Except as may otherwise be provided for in this Lease, the Lessee acknowledges and agrees that the Lessee's obligations to pay Interim Rent and Basic Rent for all Equipment leased hereunder, and to pay all Supplemental Payments payable hereunder shall be unconditional and irrevocable under any and all circumstances, shall not be subject to cancellation, termination, modification or repudiation by the Lessee, and shall be paid and performed by the Lessee without notice or demand and without any abatement, reduction, diminution, setoff, or recoupment whatsoever, including any abatement, reduction, diminution, setoff, or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which the Lessee may have against the Lessor, any Assignee, any Manufacturer of the Equipment or any Item thereof, or any other Person for any reason whatsoever, or any defect in the Equipment or any Item thereof, or the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, the Equipment or any Item thereof, or any Liens or rights of others with respect to the Equipment or any Item thereof, or any prohibition or interruption of or other restriction against the Lessee's use, operation or possession of the Equipment or any Item thereof, for any reason whatsoever, or any interference with such use, operation or possession by any Person or entity, or any default by the Lessor or any Assignee in the performance of any of its obligations herein contained, or any other indebtedness or liability, howsoever and whenever arising, of the Lessor, or of any Assignee, or of the Lessee to any other Person, or by reason of insolvency, bankruptcy or similar proceedings by or against the Lessor, any Assignee or the Lessee, or for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that all Interim Rent, Basic Rent and Supplemental Payments payable by the Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. However, nothing in this Section 8 shall prevent the Lessee from separately pursuing any rights it might have against the Lessor or any other Person.** Notwithstanding the foregoing, this Lease is intended to and shall be construed as an operating lease for financial accounting purposes. If this Lease is determined not to be a true lease for purposes of the Uniform Commercial Code, the Lessor shall be deemed to have a security interest in the Equipment as collateral security for the Lessee's obligations hereunder.

9. Use of Equipment; Compliance with Laws. The Lessee agrees that the Equipment will be used and operated solely in the conduct of its business or as otherwise provided by Section 13(a)

hereof and in compliance with any and all applicable insurance policy terms, conditions, and provisions for the insurance required by Section 16 hereof and with all Applicable Law of any Governmental Authority applicable to the use and operation of the Equipment, including the AAR Interchange Rules, the rules and regulations of the FRA, the DOT and the Surface Transportation Board, and environmental, noise and pollution laws (including notifications and reports); provided, however, that the Lessee shall not be obligated to so comply with laws, rules or regulations (i) whose application or validity is being contested diligently and in good faith by appropriate proceedings, so long as such proceedings do not involve any risk of the sale, forfeiture or loss of one or more Items of Equipment or any part thereof and such proceedings do not involve any risk of civil liability to the Lessor or any risk of criminal liability to the Lessor (other than minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished)), (ii) compliance with which shall have been excused or exempted (subject to Section 6(c)) by a nonconforming use permit, waiver, extension or forbearance exempting it from such laws, rules or regulations, (iii) if failure to comply shall impose no risk of civil liability or any risk of criminal liability on the Lessor (other than minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished)), or (iv) if failure of compliance would impose no additional liability on the Lessor (other than minor liabilities in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the liability (which moneys will be refunded by the Lessor to the Lessee to the extent that the liability is less than the amount so furnished)) or adverse consequences to the Lessor's rights under this Lease or its interest in the Equipment. The Equipment shall in no event be used or located outside of the continental limits of the United States unless at least thirty (30) days' prior written notice of such use or location is provided to the Lessor, the Lessor shall have consented thereto and all filings, recordings, deposits, or giving of notice necessary to protect the rights of the Lessor in or to this Lease and the Equipment shall have been made. Without the Lessor's prior written consent, the Lessee shall not use any Item of Equipment, or permit any Item of Equipment to be used, for the transportation or storage of any substance other than coal, nor will the Lessee permit the Equipment to engage in any unlawful trade or violate any law or carry any unlawful cargo that will expose the Equipment to penalty, forfeiture or capture.

10. Maintenance and Repair of Equipment. The Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, and in compliance with such maintenance and repair standards, ordinary wear and tear excepted, as set forth in the applicable AAR and FRA rules and regulations and as otherwise may be required to enforce warranty claims against each Manufacturer of each Item of Equipment, and (except as otherwise permitted by Section 9 hereof but subject to Section 6 hereof) in compliance with all Applicable Law relating to the maintenance and condition of the Equipment, including environmental, noise and pollution laws and regulations (including notifications and reports), and suitable for interchange under the rules of the AAR, to the extent the Equipment was originally designed and approved and with all lawful rules of the DOT, the Surface Transportation Board and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of

the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Equipment the Lessee will conform therewith at its own expense. The Lessee agrees to maintain all records, logs and other materials required by the AAR or DOT, or any other Governmental Authority having jurisdiction over the Items of Equipment or the Lessee, to be maintained in respect of each Item of Equipment. The Lessee shall, at its own cost and expense, supply the necessary power and other items required in the operation of the Equipment. The Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of the Lessor.

11. Replacements; Alterations; Modifications. In case any Item of Equipment (or any equipment, part or appliance therein) is required to be altered, added to, replaced or modified in order to comply with any Applicable Law (each, a "Required Alteration") pursuant to Section 9 or 10 hereof, the Lessee agrees to make such Required Alteration at its own expense and the same shall immediately be and become the property of, and title thereto shall immediately vest without further act in, the Lessor and become subject to the terms of this Lease. The Lessee or any permitted sublessee may make any optional alteration to any Item of Equipment (each, an "Optional Alteration") provided such Optional Alteration does not impair the condition, value, use or remaining useful life of such Item of Equipment. In the event such Optional Alteration (i) is readily removable without causing material damage to the Item of Equipment, (ii) is not a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Acceptance Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, and (iii) is not a Required Alteration, so long as no Default or Event of Default shall have occurred and be continuing, the Lessee may, at its sole cost and expense, remove such Optional Alteration. Upon the removal thereof as provided above, such Optional Alteration shall no longer be deemed the property of the Lessor or part of the Equipment from which it was removed. Any Optional Alteration not removed as above provided prior to the return of the Equipment to the Lessor hereunder shall remain the property of the Lessor. The Lessee agrees that, within twenty (20) days after the Lessor so requests (but not more frequently than once per year), the Lessee will give written notice to the Lessor describing, in reasonable detail, the Required Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to its obligation to maintain and keep the Equipment in good order, operating condition and repair under Section 10 hereof shall be considered accessions to such Item of Equipment and title thereto or security interest therein shall be immediately vested in the Lessor. Except as required or permitted by the provisions of this Section 11, the Lessee shall not modify an Item of Equipment without the prior written authority and approval of the Lessor.

12. Identification Marks; Inspection. The Lessee will cause each Item to be kept numbered with the identification number as shall be set forth on the Lease Supplement therefor, and the Lessee will keep and maintain, plainly, distinctly, durably, and conspicuously marked on each side of each Item, in letters not less than one inch in height, the words "Possession Subject to an Equipment Leasing Agreement Filed with the Surface Transportation Board", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect

the Lessor's title to and interests in such Item and the rights of the Lessor and of any Assignee. The Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Item unless and until a statement of new number or numbers to be substituted therefor shall have been executed by the Lessor and any Assignee and filed, recorded and deposited by the Lessee in all public offices where this Lease or a Memorandum of Lease shall have been filed, recorded and deposited. The Items of Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessee. The Lessee shall not allow the name of any Person to be placed upon any Item of Equipment as a designation that might reasonably be interpreted as indicating a claim of ownership thereto or a security interest therein by any Person other than the Lessor or any Assignee. The Lessor shall have the right (at its risk and expense, or at the Lessee's expense if a Default or Event of Default exists) to inspect the Equipment and the Lessee's records pertaining to the Equipment at such reasonable times as it shall request during the Term.

13. Assignment and Subleasing.

(a) By the Lessee. The Lessee may, without any consent of the Lessor, sublease any Item of Equipment to any U.S.-based operator, provided, however, that the following conditions shall apply thereto: (i) any sublease shall be expressly subject to and subordinate to the terms and conditions of this Lease; (ii) THE LESSEE'S OBLIGATIONS (FINANCIAL OR OTHERWISE) UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT OF A SURETY; (iii) the sublessee shall not engage in activities with the Equipment substantially different from the Lessee's activities without prior consent from the Lessor, which consent shall not be unreasonably withheld; (iv) the sublease does not adversely affect the Lessor's interest and rights in this Lease nor the Lessor's interest and rights in the Equipment; (v) the term of the sublease does not exceed the term of this Lease; (vi) if the sublease is not to an Affiliate of the Lessee, the Lessee shall provide the Lessor prompt written notice, not to exceed ten (10) Business Days, of any such sublease of any Item of Equipment, which notice shall describe the parties, term and applicable Items of Equipment subject to any such agreement or arrangement; and (vii) the sublessee will not further sublease the Equipment. If the term of the sublease is greater than one (1) year and (a) if the sublessee is not an Affiliate of the Lessee, such sublease shall be subject to the prior written consent of the Lessor and the form of sublease shall be reasonably acceptable to the Lessor and all filings requested by the Lessor with the Surface Transportation Board or any other relevant agency shall have been made with respect to such sublease but (b) if the sublessee is an Affiliate of the Lessee, such sublease shall be subject to the Lessee providing the Lessor prior notice of such sublease and the Lessee shall provide the Lessor a copy of such sublease contemporaneously with the execution thereof and all filings requested by the Lessor with the Surface Transportation Board or any other relevant agency shall have been made with respect to such sublease. THE LESSEE SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF THE LESSOR, ASSIGN, TRANSFER OR ENCUMBER (EXCEPT FOR PERMITTED LIENS AND AS MAY OTHERWISE BE PERMITTED HEREBY) ITS RIGHTS, INTERESTS OR OBLIGATIONS UNDER THIS LEASE AND ANY SUCH ASSIGNMENT, TRANSFER OR ENCUMBERING (EXCEPT FOR THE PERMITTED LIENS AND AS MAY OTHERWISE BE PERMITTED HEREBY) BY THE LESSEE SHALL BE NULL

AND VOID. Notwithstanding the foregoing, so long as no Default or Event of Default shall have occurred and be continuing hereunder, the Lessee may assign, for use in the continental United States, without recourse to the Lessee and at which time the Lessee shall have no further obligations under this Lease, its rights, interests or obligations under this Lease (i) with prior written notice to the Lessor but without the Lessor's consent, to a utility subsidiary of The Southern Company as set forth in Schedule III to this Lease provided (a) such utility subsidiary has a credit rating equal to or higher than Moody's Single A-1 or an equivalent rating by Standard & Poor's and (b) the total amount of obligations under this Lease transferable shall be limited to such amounts set forth in Schedule III to this Lease and (ii) if approved by the Lessor in its sole discretion, to any other utility or other company not included in (i) above. In addition, so long as no Default or Event of Default shall have occurred and be continuing hereunder, the Lessee and qualified Affiliates shall be entitled to the possession and use of the Items of Equipment upon lines of railroad owned or operated by it or upon lines of railroad over which the Lessee or its Affiliates has or have trackage or other operating rights or over which railroad equipment of the Lessee or its Affiliates is operated pursuant to contract and shall be entitled to permit the use of the Items of Equipment by connecting and other carriers in the usual interchange of traffic or pursuant to run-through or trip-lease agreements; provided, however, that the LESSEE'S OBLIGATIONS (FINANCIAL OR OTHERWISE) UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT AS A SURETY. The Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items of Equipment.

(b) By the Lessor. The Lessor may, at any time, without notice to, or the consent of, the Lessee, sell, assign or transfer to any Affiliate(s) of the Lessor (provided such Affiliate(s) has a net worth or the obligations of which Affiliate(s) are guaranteed pursuant to a guaranty in favor of the Lessee by a Person or Persons having a net worth of at least $25,000,000) all or any part of the Lessor's rights, obligations, title or interest in, to and under the Equipment or any Item(s) thereof, this Lease, any Lease Supplement and/or any Interim Rent, Basic Rent and Supplemental Payments payable under this Lease or any Lease Supplement. The Lessor or the Beneficiary shall request the consent of the Lessee (which consent shall not be unreasonably withheld), prior to the time (i) the Lessor sells, assigns or transfers all or any part of the Lessor's rights, obligations, title or interest in, to and under the Equipment or any Item(s) thereof, this Lease, any Lease Supplement and/or any Interim Rent, Basic Rent and Supplemental Payments payable under this Lease or any Lease Supplement or (ii) the Beneficiary transfers its beneficial interest in the Trust Estate (as defined in the Trust Agreement) to any Person other than as provided in the immediately preceding sentence. Anything to the contrary contained hereinabove notwithstanding, without the Lessee's prior written consent, the Lessor may grant a security interest in its interest in this Lease (including the amounts payable hereunder) and the Equipment to the Indenture Trustee for the benefit of various beneficiaries as collateral security for the Lessor's obligations under the notes (which such notes shall not be required to be registered for the purposes of the Securities Act of 1933, as amended) issued pursuant to the Indenture between the Lessor and the Indenture Trustee dated on or about the date hereof (the "Indenture"). The Lessor shall remain fully liable for all of its obligations as the Lessor hereunder and the Lessor shall give the Lessee prior written notice of such collateral assignment. Any entity to whom any such sale, assignment (outright as opposed to collateral) or transfer is made in accordance

with the terms of this Lease is herein called an "Assignee" and any such sale, assignment or transfer is herein called an "assignment". At no time shall there be more than one person functioning as Lessor or Assignee of the Lessor's interests hereunder. The Lessee agrees to execute any and all related acknowledgments, consents, amendments (necessary or appropriate to reflect such assignment), legal opinions and other documents, and to make any and all registrations and filings with the Surface Transportation Board that may be reasonably requested by the Lessor or an Assignee, all at the Lessor's expense, in connection with any such assignment. Each Assignee shall have and may enforce all of the rights and benefits of the Lessor hereunder with respect to the Item(s) of Equipment and related Lease Supplement(s) covered by the assignment. Each such assignment shall be subject to the Lessee's rights hereunder, including, without limitation, Lessee's right to quiet enjoyment of the Equipment. Notwithstanding anything to the contrary in this Lease, the Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from the Lessor; provided, however, that until such notice, the Lessee shall deem and treat the Lessor as the Party entitled to the rights and benefits of "Lessor" hereunder. Upon written notice to the Lessee of an assignment, the Lessee agrees to pay the Interim Rent, Basic Rent and Supplemental Payments with respect to the Item(s) of Equipment covered by such assignment to such Assignee to a United States bank account in accordance with the instructions specified in such notice without any abatement, setoff, or recoupment whatsoever and otherwise in accordance with Section 8 hereof, and to otherwise comply with all notices, directions and demands which shall be properly given by the Lessor or such Assignee with respect to such Item(s), in accordance with the provisions of this Lease. Notwithstanding any such assignment, all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against the Lessor (unless and until the Lessee has notice of such assignment and such assignment has been made in accordance with the terms of this Section 13 and thereafter against any Assignee to whom an assignment has been made).

14. Liens. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to (i) the Equipment or any Item thereof, the Lessor's title thereto or any interest therein, or (ii) this Lease or any of the Lessor's interests or the Lessee's interests hereunder, except in the case of either clause (i) or (ii), Permitted Liens. The Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep this Lease and the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to the Lessor and each Assignee, if any, any such Lien not excepted above if the same shall arise at any time. The Lessee will notify the Lessor and each Assignee, if any, in writing promptly upon becoming aware of any tax or other Lien (other than any Permitted Lien excepted above) that shall attach to the Equipment or any Item of Equipment, in reasonable detail.

15. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. The Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to each Item of Equipment, however caused or occasioned (except as caused or occasioned by the Lessor's or any Assignee's gross negligence or willful misconduct), such risk to be borne by the Lessee with respect to each Item of Equipment from the date of this Lease, and continuing until such Item of Equipment has been returned to the Lessor in accordance with the provisions of Section 6

hereof or has been purchased by the Lessee or sold in accordance with the provisions of Section 27 hereof. The Lessee agrees that no occurrence specified in the preceding sentence shall impair, in whole or in part, any obligation of the Lessee under this Lease, including the obligation to pay Basic Rent, until such obligation is terminated in accordance with the terms of this Lease.

(b) Payment of Casualty Loss Value Upon an Event of Loss. If an Event of Loss occurs with respect to an Item of Equipment during the Term thereof, the Lessee shall, within thirty (30) days after such Event of Loss, give the Lessor written notice thereof and shall pay to the Lessor on the Casualty Loss Value Payment Date the sum of (i) all unpaid Interim Rent and Basic Rent payable in respect of such Item of Equipment, including Interim Rent or Basic Rent, as the case may be, payable on the Casualty Loss Value Payment Date, and in respect of a Casualty Loss Value Payment Date which is a date other than a Rent Payment Date, the daily equivalent of the Interest Component of the Basic Rent for such Item of Equipment payable from the next preceding Rent Payment Date to such Casualty Loss Value Payment Date, plus (ii) the Casualty Loss Value of such Item of Equipment determined as of the Casualty Loss Value Payment Date (or, if the Casualty Loss Value Payment Date specified is not a Rent Payment Date, the next preceding Rent Payment Date), plus (iii) all other Supplemental Payments payable in respect of such Item of Equipment as of the date of payment of the amounts specified in the foregoing clauses (i) and (ii) (including, without limitation, the Make Whole Amount). Any payments received at any time by the Lessor or by the Lessee from any insurer or other party as a result of the occurrence of such Event of Loss will be applied in reduction of the Lessee's obligation to pay the foregoing amounts, if not already paid by the Lessee, or, if already paid by the Lessee, will be applied to reimburse the Lessee for its payment of such amount (unless a Default or Event of Default exists, in which case the Lessor may first apply any such payments in reduction of the Lessee's obligation to pay any other amounts due from the Lessee). Upon payment in full of such Casualty Loss Value and the amounts set forth in clauses (i), (ii) and (iii) of the first sentence of this Section 15(b), (A) the obligation of the Lessee to pay Interim Rent or Basic Rent as the case may be hereunder with respect to such Item of Equipment shall terminate and the Term of such Item shall terminate, and (B) the Lessor shall transfer to the Lessee, "as is where is" without recourse or warranty except as to the absence of Liens described in clause (d) of the definition of Permitted Liens, all right, title and interest conveyed to the Lessor in and to such Item of Equipment.

(c) Application of Payments Not Relating to an Event of Loss. Any payments (including insurance proceeds) received at any time by the Lessor or the Lessee from any party with respect to any loss or damage to any Item or Items of Equipment not constituting an Event of Loss will be paid to or retained by the Lessee (unless an Event of Default exists, in which case the Lessor may first apply any such payments in reduction of the Lessee's obligation to pay any other amounts due from the Lessee).

16. Insurance. The Lessee will at its sole expense and at all times during the Term or, if applicable, until the pertinent Items of Equipment are returned to the Lessor or the Lessor's agent pursuant to Section 6 hereof, whichever is longer, cause to be carried and maintained (i) public liability insurance with respect to third party personal injury and property damage in an amount per occurrence of not less than $35,000,000 and (ii) property insurance in respect of all Items of

Equipment in an amount not less than the applicable Casualty Loss Value. The Lessee will carry such insurance as is required hereunder in such amounts and for such risks consistent with prudent industry practice (which industry means major creditworthy U.S. electric utilities and which own or use railcars for the transportation of coal) and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Equipment; provided, that the Lessee may in any event self-insure or carry deductibles for up to $2,000,000 per occurrence for public liability and $2,000,000 per occurrence for property insurance (or, provided the Lessee's senior debt ratings have not been downgraded below A, such higher amounts as shall be consistent with prudent industry practice at the time). The proceeds of any such property insurance as is required hereunder shall be payable to the Lessor, each Assignee and the Lessee, as their respective interests may appear. Each policy required hereunder (i) shall provide thirty (30) days' prior notice of cancellation or material change and (ii) shall include the Lessor, the Beneficiary and their respective successors and permitted assigns, if any, as loss payee and/or additional insured as their respective interests may appear, and the Lessee shall endeavor to obtain a waiver by such insurance company of any right to claim any premiums or commissions against the Lessor and each Assignee. Prior to the Funding Date and thereafter on the expiration dates of the expiring policies theretofore delivered, the Lessee shall deliver to the Lessor and each Assignee, if any, certificates of insurance issued by the insurer(s) for the insurance required to be maintained hereunder. If the Lessee shall fail to cause the insurance required under this Section 16 to be carried and maintained, the Lessor or any Assignee may, after prior written notice to the Lessee, provide such insurance, and the Lessee shall reimburse the Lessor or such Assignee, as the case may be, upon demand for the cost thereof as a Supplemental Payment hereunder.

17. General Tax Indemnity.

(a) The Lessee agrees to pay, defend and indemnify and hold the Lessor, the Beneficiary and each Assignee and Affected Party (each, a "Tax Indemnitee") harmless on an After-Tax Basis from any and all U.S. Federal, U.S. state and local taxes or taxes imposed by a taxing authority outside the United States, including sales, use, ad valorem and property taxes, documentation, stamp or withholding (unless otherwise excluded below), together with any penalties, fines or interest thereon (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon, asserted against, based on or measured by the Lessor, a Tax Indemnitee, the Lessee, the Equipment, any Item of Equipment, or any part thereof, this Lease, Interim Rent, Basic Rent or Supplemental Payments, upon or with respect to (i) the Equipment, or any Item of Equipment or any part thereof, or (ii) the ownership and operation of the Equipment, or any Item of Equipment or any part thereof; provided, however, that the foregoing indemnity shall not apply to

(1) any tax or other imposition based on or measured by net income or in the nature of a net income tax or imposed in lieu of a net income tax, including any franchise tax and any such similar tax based on capital, receipts (other than the license or gross proceeds tax imposed by Section 40-12-222 of the Alabama Code or any corresponding provisions of a successor code), net worth or comparable basis of measurement;

(2) other than as expressly provided in Section 27(a) hereof, any taxes or other impositions in respect of this Lease of any Item of Equipment that results from any act, event or omission that occurs after the termination of this Lease in respect of such Item of Equipment and the payment in full of all amounts due under this Lease;

(3) any taxes or other impositions that are imposed on any Tax Indemnitee as a result of the gross negligence or willful misconduct of such Tax Indemnitee or its Affiliate;

(4) any taxes or other impositions or any increase in taxes or other impositions imposed on any Tax Indemnitee that are a result of such Tax Indemnitee not being a resident of, or not being organized under the laws of, the United States or any political subdivision thereof;

(5) U.S. Federal income taxes imposed by withholding;

(6) any taxes or other impositions that have not been paid and that are being contested in accordance with clause (b) below; provided, that this exclusion shall apply only during the conduct of such contest;

(7) any taxes or other impositions that result from any transfer by any Tax Indemnitee of any interest in an Item of Equipment or any interest arising under this Lease (other than as set forth in Section 27(a) hereof, or in connection with the occurrence of an Event of Default, or an Event of Loss or Deemed Event of Loss, or as otherwise required by this Lease);

(8) any tax that is enacted or adopted as a substitute for or in lieu of any tax that would not have been indemnified against pursuant to Section 17(a);

(9) taxes on any items of tax preference or any minimum tax of such Tax Indemnitee;

(10) taxes which are gross income or gross receipts taxes (other than the license or gross proceeds tax imposed by Section 40-12-222 of the Alabama Code or any corresponding provisions of a successor code);

(11) taxes or other impositions imposed on any Tax Indemnitee as a result of, or in connection with, any "prohibited transaction" within the meaning or the provisions of the Code or regulations thereunder or as set forth in Section 406 of ERISA or the regulations implementing ERISA, engaged in by any Tax Indemnitee;

(12) taxes or other impositions or any increase in taxes or other impositions resulting from any change in applicable law except for taxes and increases thereof for which any Tax Indemnitee is entitled to be indemnified under other provisions of this Section 17; and

(13) taxes or increases in taxes attributable to the characterization of the transaction as a lease for tax purposes.

Notwithstanding the foregoing provisos (1) through (13), the Lessee shall indemnify each Tax Indemnitee for any taxes identified in provisos 1, 4 or 7 (or any increase in such taxes) imposed on such Tax Indemnitee net of any decrease in such taxes actually realized by such Tax Indemnitee, to the extent that such tax or tax increase would not have occurred if on each Funding Date the Lessor had advanced funds to the Lessee in the form of a loan secured by the Equipment in an amount equal to the amount funded on such Funding Date, with debt service for such loan equal to the Basic Rent payable on each Rent Payment Date and a principal balance at the maturity of such loan in an amount equal to the amount of the Equipment Cost then outstanding at the end of the term of this Lease. The Lessee will prepare and file any reports or returns required to be made with respect to any tax or other imposition for which the Lessee is responsible, directly or indirectly, if permitted by applicable law to file the same, and if not so permitted, the Lessee shall, at its sole cost, prepare such reports or returns for signature by the Tax Indemnitee or, upon request of the Tax Indemnitee, will promptly provide the Tax Indemnitee with all information necessary for the making and timely filing of such reports or returns by the Tax Indemnitee, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to the tax Indemnitee, in sufficient time for such payment to be made. Upon written request, the Lessee or the Tax Indemnitee, as the case may be, shall furnish the other party with copies of all paid receipts or other appropriate evidence of payments for all taxes or other impositions paid by the Lessee or the Tax Indemnitee, as the case may be, pursuant to this Section 17. All of the indemnities contained in this Section 17 in respect of (i) any act, event, omission or tax period that occurs on or prior to termination of this Lease and (ii) any sale described in Section 27(b) hereof shall continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to any Item (or all) of the Equipment, and are expressly made for the benefit of, and shall be enforceable by, the Lessor and each Assignee and any other Tax Indemnitee.

(b) In the event any claim, action, proceeding or suit is brought against any Tax Indemnitee with respect to which the Lessee would be required to indemnify such Tax Indemnitee, such Tax Indemnitee shall promptly give written notice of any such claim, action, proceeding or suit to the Lessee. Provided such contest will not cause a lien to arise on the Equipment (other than a Permitted Lien), the Lessee may, and upon the Lessee's request any such Tax Indemnitee 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 reasonably satisfactory to such Tax Indemnitee, and the Lessee shall pay all reasonable out-of-pocket costs and expenses (including attorney's fees and expenses) reasonably incurred by such Tax Indemnitee in connection with such action, suit or proceeding; provided, that no Tax Indemnitee shall compromise or settle any such actions for which it has assumed the responsibility of defense without consent of the Lessee (not unreasonably to be withheld), and provided further, that the failure of any Tax Indemnitee to give such notice to the Lessee shall not relieve the Lessee from any of its obligations to provide indemnification to any Tax Indemnitee under this Section 17, except to the extent that the Lessee's right to contest or defend any reasonably contested amount is materially adversely affected by such Tax Indemnitee's failure to give

notice; provided further, that the Lessee shall be relieved of its obligations to provide indemnification under this Section 17 with respect to any Tax Indemnitee, to the extent that such Tax Indemnitee shall deliver to the Lessee a written notice waiving the benefits of the indemnification of such Tax Indemnitee provided by this Section 17 in connection with such claim, action, proceeding or suit. In such event the Tax Indemnitee shall reimburse the Lessee for all amounts paid by the Lessee with respect to such non-contested claim, action, proceeding, or suit. If any Tax Indemnitee actually obtains a refund (or would have actually received such a refund but for offset by matters not indemnifiable by the Lessee under Section 17(a)) of all or any part of any tax paid or reimbursed by the Lessee, such Tax Indemnitee shall promptly pay to the Lessee the amount of such refund (or the amount of such offset) plus any interest thereon (less any taxes imposed on such Tax Indemnitee with respect to such interest) received from the relevant taxing authority (or which would have been received with respect to the amount of such an offset) plus the amount of any tax benefits realized by such Tax Indemnitee as a result of such payment (net of any net tax detriment resulting from the receipt of the refund and interest on the refund (after giving effect to such Tax Indemnitee's obligations to make payments to the Lessee under this sentence)). For purposes of this clause (b), any reasonably contested amount shall mean the amount that may be reasonably contested with respect to taxes or fees and shall be determined as follows: (i) Lessee shall notify Lessor in writing of the amount Lessee believes may be reasonably contested; (ii) if Lessor disagrees with said amount, the Lessor and Lessee shall appoint a mutually agreed upon independent tax counsel to render a written opinion, binding on the Lessor and Lessee, which addresses the reasonably contestable amount; and (iii) if said opinion of counsel substantially agrees with Lessee's determination, then the Lessor shall pay the fee for such counsel's services; if said opinion of counsel substantially disagrees with Lessee's determination, then Lessee shall pay the fee for such counsel's services. Lessor shall use reasonable good faith efforts to provide Lessee with copies of any tax or similar notices Lessor receives in respect of this Lease or the Equipment within ten (10) Business Days after Lessor receives the same.

(c) On the Funding Date but in any event at least five (5) Business Days prior to the first date on which any payment is due hereunder for the account of any Affected Party not incorporated under the laws of the United States or a state thereof, such Affected Party agrees that it will have delivered to each of the Lessee and the Lessor two duly completed copies of United States Internal Revenue Service Form 1001, W-8 or 4224, certifying that such Affected Party is entitled to receive payments of interest and/or yield and a return of the principal amount of the Equipment Cost under the transaction documents without deduction or withholding of any United States Federal income taxes. Each Affected Party which so delivers a Form 1001, W-8 or 4224 further undertakes to deliver to each of the Lessee and the Lessor two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Forms 1001 and W-8 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Lessee or the Lessor, in each case certifying that such Affected Party is entitled to receive payments under the transaction documents without deduction or withholding of any United States Federal income taxes, unless any change in treaty, law or regulation has occurred prior to the date on which any delivery of such additional forms would otherwise be required which changes such Affected Party's entitlement to

receive any payments without withholding and such Affected Party advises the Lessee that it is no longer entitled to receive payments without any withholding of United States Federal income tax.

18. Indemnification. The Lessee hereby assumes liability for, and does hereby agree to indemnify, protect, save, defend, and hold harmless the Lessor, the Beneficiary, the Indenture Trustee and to the extent, if any, required to be indemnified by the Lessor under the Indenture in connection with a collateral assignment of this Lease - the noteholders under the Indenture, each of their respective permitted Assignees and their respective officers, directors, employees, successors, permitted assigns, and agents (each such party being herein, for purposes of this Section 18, called an "Indemnified Party") on an After-Tax Basis for, from and against any and all Expenses of every kind and nature whatsoever, imposed on, incurred by, or asserted against any Indemnified Party, in any way relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, delivery, leasing, subleasing, releasing, possession, use, operation, storage, removal, return, repossession, sale or other disposition of the Equipment or any Item of Equipment, or any part thereof, including those as may arise from (i) the transactions contemplated by this Lease, (ii) the loss or damage to any property or death or injury to any persons, (iii) patent or latent defects in any Item of Equipment (whether or not discoverable by the Lessee or any Indemnified Party), (iv) any claims based on strict liability in tort, (v) any claims based on patent, trademark, tradename or copyright infringement, (vi) any claims based upon any non-compliance with or violation of any environmental control, noise or pollution laws or requirements, including fines and penalties arising from violations of or noncompliance with such requirements or failure to report discharges, and costs of clean-up of any discharge, and (vii) any loss or damage to any commodities loaded or shipped in the Equipment; or (b) any failure on the part of the Lessee to perform or comply with any of the terms of this Lease; (c) any failure of the Lessee to conform or comply with any Applicable Law; or (d) any power of attorney issued to the Lessee in connection with this Lease (all the foregoing being "Liabilities"). The Lessee shall give each Indemnified Party prompt notice of any occurrence, event or condition known to the Lessee as a consequence of which any Indemnified Party may be entitled to indemnification hereunder. The Lessee shall forthwith upon demand of any such Indemnified Party reimburse such Indemnified Party for amounts reasonably expended by it in connection with any of the foregoing or pay such amounts directly; provided, however, that the Lessee's Liability for taxes, imposts and similar matters (other than taxes arising against the Lessee under Section 4975 of the Code) are expressly limited to the terms of Section 17 hereof and the Lessee shall not be liable to such Indemnified Party under this Section 18 for any of the Liabilities to the extent they arise from the gross negligence, willful misconduct, or breach of such Indemnified Party's obligations under this Lease, the Trust Agreement or the Indenture, or to the extent that they arise from or after any transfer of the Lessor's interest in any Item or this Lease (other than arising directly in connection with a transfer resulting from an Event of Default, an Event of Loss, or a sale made under Section 27 hereof (subject to the restrictions regarding the Maximum Lessee Risk Amount contained in Section 28), or any transfer made at the Lessee's request or direction). The Lessee shall be subrogated to an Indemnified Party's rights in any matter with respect to which the Lessee has actually reimbursed such Indemnified Party for amounts expended by it or has actually paid such amounts directly. If any claim for a Liability is made against the Lessor or any Indemnified Party and such party has received notice thereof, such party receiving notice of such Liability shall promptly notify the Lessee; provided, that the failure to provide such

notice promptly shall not release the Lessee from any of its obligations to indemnify hereunder, except to the extent that such failure irreparably affects any applicable defense or counterclaim, or otherwise increases the amount the Lessee would have been liable for in the absence of such failure. Subject to the rights of any insurer under any policy of insurance maintained pursuant to this Lease, and if no Event of Default shall exist and no material adverse change in the Lessee's financial condition or business shall have occurred (in the Lessor's sole judgment), the Lessee shall have the right to investigate and defend or compromise any Liability for which it may be required to indemnify, and each Indemnified Party agrees to cooperate with all reasonable requests of the Lessee in connection therewith. Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings if (i) any Event of Default shall exist, (ii) a material adverse change in the Lessee's financial condition or business shall have occurred (in the Lessor's sole judgment), (iii) such proceedings will involve a material risk of the sale, forfeiture, or loss of, or the creation of any Lien (other than a Permitted Lien) on, any Item, unless the Lessee posts a bond or other security satisfactory to the relevant Indemnified Party in respect to such risk, or (iv) such proceedings would involve the imposition of criminal liability (other than minor fines in respect of which the Lessee has furnished to the Lessor moneys in an amount equal to the expected fine (which moneys will be refunded by the Lessor to the Lessee to the extent that the actual fine imposed is less than the amount so furnished)) on an Indemnified Party or if such contest will, in the reasonable opinion of such Indemnified Party, be inappropriate under applicable standards of professional conduct. An Indemnified Party may participate at its own expense and with its own counsel in any judicial proceeding controlled by the Lessee pursuant to the preceding provisions. In the case of any Liability covered by any policy of insurance maintained pursuant to this Lease, each Indemnified Party shall cooperate with all reasonable requests of the insurers in the exercise of their rights to investigate, defend, or compromise such claim as may be required by such policy to maintain the insurance coverage provided to the parties thereunder. The provisions of this Section 18, and the obligations of the Lessee under this Section 18, shall apply from the date of the execution of this Lease notwithstanding that the Term may not have commenced with respect to any Item of Equipment, and shall survive and continue in full force and effect (as to any event occurring or condition existing during the Term with respect to such Item of Equipment) notwithstanding the expiration or earlier termination of this Lease or the Termination Date.

19. No Warranties. AS BETWEEN THE LESSOR AND THE LESSEE, THE LESSOR LEASES AND THE LESSEE TAKES THE EQUIPMENT "AS-IS, WHERE-IS." THE LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN THE LESSOR AND THE LESSEE (A) THE EQUIPMENT IS OF DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (B) THE LESSEE IS SATISFIED THAT THE EQUIPMENT IS SUITABLE FOR ITS PURPOSES, (C) NEITHER THE LESSOR NOR THE BENEFICIARY IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, AND (D) THE LESSOR AND THE BENEFICIARY HAVE NOT MADE, OR DEEMED TO HAVE MADE, AND THE LESSOR AND THE BENEFICIARY EXPRESSLY DISCLAIM AND MAKE NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE EQUIPMENT, AS

TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER IMPLIED REPRESENTATION OR WARRANTY CONCERNING THE EQUIPMENT. So long as no Event of Default shall have occurred and be continuing hereunder, during the Term, the Lessor shall and does hereby assign to the Lessee an undivided interest in all of the Lessor's rights against the Manufacturer of the Equipment, including rights for breach of warranty and representations. So long and only so long as the Equipment shall be subject to this Lease and the Lessee shall be entitled to possession of the Equipment hereunder, and provided no Event of Default exists for which the Lessor is exercising (or is stayed or otherwise legally restrained from exercising) remedies against the Lessee or the Equipment, the Lessor authorizes the Lessee, at the Lessee's expense, to assert for the Lessor's account and as the Lessor's attorney-in-fact, all rights and powers of the Lessor under any manufacturer's, vendor's or dealer's warranty with respect to the Equipment, any Item of Equipment or any part thereof; provided, however, that the Lessee shall indemnify, protect, save, defend and hold harmless the Lessor for, from and against any and all claims, and all out-of-pocket costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection therewith, as a result of, or incident to, any action by the Lessee pursuant to the foregoing authorization.

20. Lessee's Representations and Warranties. The Lessee hereby represents and warrants, as of the date hereof and on any Funding Date, that:

(a) the Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama, and is qualified to do business in, and is in good standing in, each state or other jurisdiction in which the nature of its business makes such qualification necessary unless the failure to be so qualified is not likely to have a material adverse affect on the Lessee;

(b) the Lessee has the corporate power and authority to execute and perform this Lease and to lease the Equipment hereunder, and has duly authorized the execution, delivery and performance of this Lease;

(c) the leasing of the Equipment from the Lessor by the Lessee, the Lessee's execution and delivery of this Lease, each Lease Supplement, and other related instruments, documents and agreements, and the compliance by the Lessee with the terms hereof and thereof, and the payments and performance by the Lessee of all of its obligations hereunder and thereunder (i) have been duly and legally authorized by appropriate corporate action taken by the Lessee, (ii) are not in contravention of, and will not result in a violation or breach of, any of the terms of the Lessee's Articles of Incorporation, its By-Laws, or of any provisions relating to shares of the capital stock of the Lessee, and (iii) will not violate or constitute a breach of any provision of law, any order of any court or other Governmental Authority, or any indenture, agreement or other instrument to which the Lessee is a party, or by or under which the Lessee or any of the Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or instrument, or result in the creation or imposition of any Lien

upon any of the Lessee's property or assets other than the Liens contemplated hereby and the Permitted Liens;

(d) this Lease has been executed by the duly authorized officer or officers of the Lessee and delivered to the Lessor and constitutes, and when executed by the duly authorized officer or officers of the Lessee and delivered to the Lessor, each Lease Supplement and related instruments, documents and agreements with respect to each Item of Equipment will constitute, the legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms (subject to such bankruptcy and similar laws affecting the rights of creditors generally);

(e) the Lessee holds all material licenses, certificates and permits from Governmental Authorities necessary to use and operate the Equipment in accordance with the provisions of this Lease;

(f) there is no litigation or other proceeding now pending or, to the best of the Lessee's knowledge, threatened against or affecting the Lessee, in any court or before any regulatory commission, board or other administrative Governmental Authority (i) which would directly or indirectly adversely affect or impair the title of the Lessor to the Equipment, or (ii) which, except as may be contemplated and disclosed under the Disclosure Documents, would materially adversely affect the Lessee's financial condition, business or operations;

(g) all balance sheets, statements of profit and loss and other financial statements set forth in the Disclosure Documents fairly present the financial condition of the Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished, and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby (except as noted therein); and there has been no material adverse change in the financial condition, business or operations of the Lessee, since the date of the Disclosure Documents, except as may be disclosed under the Disclosure Documents;

(h) no approval that has not been obtained by the Lessee as of the date of this representation and warranty is required from any regulatory body, board, authority or commission, nor from any other administrative or governmental agency, nor from any other Person, with respect to the Lessee's execution, delivery and performance of this Lease and each Lease Supplement;

(i) the Disclosure Documents and the Equipment Documents are true and correct in all material respects and do not omit any information necessary to make the information provided, in light of the circumstances under which such information was provided, not materially misleading;

(j)(i) no ERISA Event has occurred or, to the best of the Lessee's knowledge, is reasonably expected to occur with respect to any Plan of the Lessee or any of its ERISA Affiliates which would result in a material liability to the Lessee; since the date of the most recent Schedule B (Actuarial Information) to the annual reports of Plans maintained by the Lessee (Form 5500 Series) and subject to Section 302(e) of ERISA, if any, there has been no material adverse change in the funded status of the Plans referred to therein; (ii) the Lessee and its ERISA Affiliates have complied in all material

respects with the requirements of ERISA and the Code applicable to the Plans; (iii) there has been no "prohibited transaction" as defined in Section 406 of ERISA and Section 4975 of the Code with respect to any of the Plans of the Lessee and its ERISA Affiliates, and the transactions contemplated by this document will not result in any such prohibited transaction; and (iv) neither the Lessee nor any of its ERISA Affiliates has incurred nor, to the best of the Lessee's knowledge, reasonably expects to incur any material withdrawal liability under ERISA to any Multiemployer Plan;

(k) the Lessee is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended;

(l) any Lien on the Lessee's interest in the Equipment and this Lease contained in the Bond Indenture is an unperfected lien and is subordinate to the Lessor's first priority interest in the Equipment under this Lease, and no one claiming by or through the Lessee other than the Lessor has made any filing with the Surface Transportation Board or the Interstate Commerce Commission covering any of the Equipment subject to this Lease.

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

(a) the Lessee shall fail to make any payment of Basic Rent or any Supplemental Payment on the date due, and that failure shall continue for at least five (5) Business Days after the Lessor notified the Lessee of it; or

(b) the Lessee shall (I) fail to perform or observe any covenant, condition or agreement to be performed under Section 13(a), Section 16 (after the Lessor has provided notice of such failure to the Lessee), or Section 29(b) or (II) fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease, or in any agreement or certificate furnished to the Lessor or any Assignee in connection herewith, and such failure shall continue unremedied for thirty (30) days after the first to occur of (i) an officer of the Lessee with express authority to make decisions regarding this Lease has actual specific knowledge thereof or (ii) the Lessor provides written notice to the Lessee specifying such failure and demanding the same to be remedied; provided, however, that the continuation of such failure for a period of thirty (30) days or more after such knowledge is obtained or notice has been so given (but in no event for a period which is of a duration longer than ninety (90) days or the remainder of the Term, whichever is shorter) shall not constitute an Event of Default if (i) such failure can be remedied but cannot be remedied within such thirty (30) days, (ii) the Lessee is diligently pursuing a remedy of such failure, (iii) such failure does not impair in any material respect the Lessee's ability to perform its obligations hereunder or the Lessor's interest in the Equipment, and (iv) such failure is solely with respect to a covenant, condition or agreement contained in Section 9 or 10 hereof; or

(c) the Lessee shall be in "default" under the Bond Indenture as such term is defined in the Bond Indenture or an event of default shall occur under any other lease between the Lessor and the Lessee with respect to railcars; or

(d) any representation or warranty made by the Lessee under this Lease or in any Lease Supplement or in any document or certificate furnished to the Lessor or any Assignee in connection herewith or pursuant hereto, shall prove to be untrue or incorrect in any material respect when made; provided, that if the effect of such misrepresentation or warranty is reasonably curable, the Lessee shall have thirty (30) days after notice from the Lessor to effect a cure so long as there is no material risk of sale, foreclosure or loss of its rights under this Lease or of any of the Equipment; or

(e) the mortgagee under the Bond Indenture or any other of the Lessee's mortgages makes any filing with the Surface Transportation Board covering any of the Equipment subject to this Lease, and claims that it has an interest in such Equipment which is superior to the Lessor's interest therein;

(f) the Lessee shall (i) generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any case or proceeding or file any petition under any bankruptcy, insolvency or similar law or seeking dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against it in any bankruptcy, insolvency or similar case or proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for itself or substantially all of its property, assets or business; or

(g) involuntary proceedings or an involuntary petition shall be commenced or filed against the Lessee under any bankruptcy, insolvency or similar law or seeking the dissolution, liquidation or reorganization of the Lessee or the appointment of a receiver, trustee, custodian or liquidator for the Lessee or of substantially all of the property, assets or business of the Lessee, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against substantially all of the property, assets or business of the Lessee, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, vacated or fully bonded, within sixty (60) consecutive days after commencement, filing or levy, as the case may be.

22. Remedies Upon Default.

(a) Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may exercise one or (except as expressly set forth below and as otherwise required by law (to the extent such requirements imposed by law cannot be waived)) more of the following remedies as the Lessor in its sole discretion may elect:

(i) The Lessor may terminate or cancel this Lease, without prejudice to any other remedies of the Lessor hereunder, with respect to all or any Item of Equipment, and whether or not this Lease has been so terminated or canceled, may enter the premises of the Lessee or any other party to take immediate possession of

the Equipment and remove all or any Item of Equipment by summary proceedings or otherwise, or may cause the Lessee, to store, maintain, surrender and deliver possession of the Equipment or such Item in the same manner as provided in Section 6 hereof;

(ii) The Lessor may lease to others the Equipment or any Item of Equipment, as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except as required by this Lease or by law;

(iii) The Lessor may sell the Equipment or any Item of Equipment at public or private sale as the Lessor may determine, free and clear of any rights of the Lessee (except as required by law), and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for the Equipment or Item(s) so sold for any Rental Period commencing after the date on which such sale occurs), any excess of (A) the sum of (x) all unpaid Interim Rent, if any, and Basic Rent payable for each Item of Equipment for all Rental Periods ending on or prior to the date on which such sale occurs, plus (y) the Casualty Loss Value of the Item(s) of Equipment so sold, computed as of the Rent Payment Date coincident with (or, if the sale is not on a Rent Payment Date, the next preceding Rent Payment Date) the date of such sale, plus (z) all unpaid Supplemental Payments (including Make Whole Amount, if any) payable with respect to each Item of Equipment so sold plus if the date of such sale is not a Rent Payment Date, then also the daily equivalent of the Interest Component of the Basic Rent for such Item(s) of Equipment payable from the next preceding Rent Payment Date to the date of such sale over (B) the net proceeds of such sale (exclusive of any costs, fees and expenses incurred in connection with such sale);

(iv) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under clause (i) or (ii) above with respect to any Item(s) of Equipment, the Lessor, by written notice to the Lessee specifying a payment date, may demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent payable for any Item(s) of Equipment for any Rental Period commencing after the actual date of payment by the Lessee of Liquidated Damages (as defined below) and in lieu of the exercise by the Lessor of its remedies under clause (ii) above in the case of a re-lease of such Item(s) or under clause (iii) above with respect to a sale of such Item(s)), the sum of (i) all unpaid Interim Rent, if any, and Basic Rent payable for such Item(s) for all Rental Periods ending on or prior to the payment date specified in such notice, plus (ii) all unpaid Supplemental Payments (including Make Whole Amount, if any) payable with respect to such Item(s), plus (iii) an amount, with respect to each such Item, equal to the Casualty Loss Value of such Item(s) computed as of the payment

date specified in such notice (or, if the payment date specified is not a Rent Payment Date, the next preceding Rent Payment Date), plus (iv) if the payment date specified in such notice is not a Rent Payment Date, then also the daily equivalent of the Interest Component of the Basic Rent for such Item(s) of Equipment payable from the next preceding Rent Payment Date to the payment date specified in such notice ("Liquidated Damages"). Upon payment in full to the Lessor of the Liquidated Damages, the Lessor shall proceed to and sell the Equipment in a commercially reasonable manner (to the extent it is legally entitled to obtain, and has in fact obtained, possession of the Equipment) and upon completion of such sale, the Lessor shall pay over to the Lessee the net proceeds of such sale (after deducting from such proceeds all costs, fees, charges and expenses whatsoever incurred by the Lessor or the Beneficiary in connection therewith and all other amounts which may become payable to the Lessor). The Lessor may sell Equipment at private or public sale, in bulk or in parcels, without having the Equipment present at the place of sale, and the Lessor may use the Lessee's premises for any or all of the foregoing without liability for rent, costs, damages or otherwise except as caused by the Lessor's gross negligence or wilful misconduct. The proceeds of sale, lease or other disposition shall be applied as follows: (1) to all of the Lessor's and/or the Beneficiary's costs, fees, charges and expenses including without limitation reasonable legal fees incurred in enforcing this Lease and in taking, removing, holding, repairing and selling, leasing or otherwise disposing of Equipment; then, (2) the balance shall be remitted to the Lessee;

(v) Unless the Equipment has been sold in its entirety, the Lessor may, whether or not the Lessor shall have exercised or shall thereafter at any time exercise any of its rights under clause (ii), (iii) or (iv) of this Section 22 with respect to the Equipment or portions thereof, demand, by written notice to the Lessee specifying a date not earlier than ten (10) days after the date of such notice, that the Lessee purchase, on such date, the Equipment (or the remaining portion thereof) in accordance with the provisions of Section 27(a)(I); provided, however that no such written notice shall be required upon the occurrence of any Event of Default described in clause (f) or (g) of Section 21; and

(vi) Except as otherwise expressly provided hereby, no remedy referred to herein is intended to be exclusive but each shall be cumulative and the Lessor may exercise any other right or remedy which may be available to it under applicable law, in equity or proceed by appropriate court action to enforce the terms hereof.

In addition, the Lessee shall be liable for all out-of-pocket costs and expenses (including reasonable attorneys fees), reasonably incurred by the Lessor, the Beneficiary or any Assignee by reason of the occurrence of any Event of Default or in connection with the exercise of the Lessor's remedies, including all out-of-pocket costs and expenses incurred in connection with the return of the Equipment in accordance with Section 6 hereof or in placing the Equipment in the condition required by said Section. The exercise or beginning of exercise by the Lessor of any one or more of its

remedies shall not constitute the exclusive election of such remedies. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. The failure or delay of Lessor in exercising any rights granted hereunder upon the occurrence of any Event of Default shall not constitute a waiver of such right upon the continuation or recurrence of any such Event of Default and any single or partial exercise of any particular right of the Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

(b) After the sale of all of the Equipment pursuant to the exercise of the Lessor's remedies under this Lease, any amounts collected by the Lessor in such sale or sales which exceed the sum of (i) the applicable Casualty Loss Values computed as of the Rent Payment Date coincident with the date of such sale (or, if the payment date specified is not a Rent Payment Date, the next preceding Rent Payment Date) for all Items of Equipment subject to this Lease, plus but without duplication (ii) any amounts payable by the Lessee to the Lessor under this Lease, plus but without duplication (iii) the Expenses incurred by the Lessor or the Beneficiary in consummating such sale and enforcing the Lessor's rights and remedies under this Lease, including all legal fees and disbursements, brokers fees, inspection and appraisal fees, insurance, storage and other similar costs, plus but without duplication (iv) if the date of such sale is not a Rent Payment Date, then also the daily equivalent of the Interest Component of the Basic Rent for such Item(s) of Equipment payable from the next preceding Rent Payment Date to the date of such sale shall be paid to the Lessee by the Lessor.

(c) Any repossession or subsequent sale or lease by the Lessor of any item of Equipment shall not bar an action for a Deficiency as herein provided such date, and the bringing of an action or the entry of judgment against the Lessee shall not bar the Lessor's right to repossess any or all Items of Equipment but nothing herein shall entitle the Lessor to receive the benefit of duplicative remedies or unjust enrichment. The Lessee agrees to pay all costs, fees, charges and expenses of the Lessor or the Beneficiary, including reasonable legal fees, incurred with respect to the collection of any amounts payable hereunder and the enforcement of any of the provisions hereof, whether or not an action at law is commenced with respect hereto.

(d) To the extent permitted by applicable law, the Lessee waives (i) any and all rights and remedies conferred upon a lessee by the Uniform Commercial Code ("UCC") Sections 2A-508 through 2A-522 (where applicable), except nothing herein shall prohibit and Lessee expressly reserves the right to bring a separate cause of action against the Lessor, any Assignee, the Owner Trustee and/or the Trust Estate and seek damages and compensation for any breach by any such Person of this Lease, and (ii) the right to recover from the Lessor any special, incidental or consequential damages for any reason whatsoever. The Lessee further waives its rights under Sections 2A-401 and 2A-402 of the UCC to suspend performance of any of its obligations under this Lease with respect to all Equipment accepted under an Acceptance Notice pursuant to a Lease Supplement. The Lessee waives any and all rights to notice and to a judicial hearing with respect to the repossession of the Equipment by the Lessor upon the occurrence of an Event of Default hereunder.

23. The Lessor's Right to Perform for the Lessee. If the Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any

of its agreements contained herein, the Lessor may itself, after at least five (5) Business Days' prior written notice to the Lessee, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of the Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 24 hereof, shall, if not paid by the Lessee to the Lessor on demand, be deemed a Supplemental Payment hereunder.

24. Late Charges. The Lessee shall pay to the Lessor, upon demand, to the extent permitted by applicable law, interest on any installment of Basic Rent not paid when due, and on any Supplemental Payment or other amount payable under this Lease which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period), including any amount owing under Section 22 hereof, at a rate equal to the lesser of (a) the Applicable Rate plus two percent per annum, or (b) the maximum rate of interest permitted by law.

25. Further Assurances. The Lessee will promptly and duly execute and deliver to the Lessor and any Assignee such other documents and assurances and filings with the Surface Transportation Board and any other relevant agency, and will take such further action as the Lessor or any Assignee may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor and of any Assignee and their respective rights, title and interests in and to the Equipment and this Lease.

26. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing (including facsimile) and addressed, delivered or transmitted to the appropriate party at its address or facsimile number as set forth on Schedule I hereto, or in the case of any Assignee, to the address or facsimile number as such Assignee shall designate in writing to the Lessor and the Lessee, or in each case at such other address or facsimile number as an addressee shall designate in writing to the other parties. Any notice, if mailed or sent by courier service, shall be deemed given when delivered; any notice, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed. A copy of all notices to the Lessor shall also be sent to the Beneficiary as set forth on Schedule I hereto, or such other address or facsimile number as the Beneficiary may designate in writing.

27. Lessee's Purchase and Sale Options.

(a) Lessee's Purchase Options.

(I) End of Basic Term. Provided no Default or Event of Default has occurred and is continuing, with respect to each Lease Supplement, the Lessee shall be entitled, at its option, at the end of the Basic Term, upon written notice to the Lessor (which notice shall be irrevocable) as hereinafter provided, to purchase all (but not less than all) of the Items of Equipment then subject to such Lease Supplement, if this Lease shall not have been earlier terminated with respect

thereto. Such purchase shall be consummated, and the Lessee shall pay the purchase price therefor to the Lessor, on the Termination Date for the Items of Equipment covered by such Lease Supplement. The purchase price for each such Items shall be an amount (the "End-of-Term Purchase Option Amount"), payable in immediately available funds, equal to seventy percent (70%) of the Equipment Cost for such Items if Lessee is purchasing such Items at the end of the Basic Term. In addition, the Lessee shall pay to the Lessor on the Termination Date, in immediately available funds, (x) the Basic Rent due and payable for such Items of Equipment on the Termination Date, plus (y) any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income or similar taxes attributable to such sale), plus (z) any Supplemental Payments then payable to the Lessor hereunder. The Lessor's sale of each Item of Equipment shall be on an AS-IS, WHERE-IS BASIS, WITHOUT ANY REPRESENTATION OR WARRANTY BY, OR RECOURSE TO, THE LESSOR except that the Lessor shall warrant that each such Item of Equipment shall be free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens. If the Lessee intends to exercise said purchase option in respect of the Termination Date, the Lessee shall give written notice to the Lessor to such effect at least one hundred eighty (180) days prior to the end of the Basic Term for said Items of Equipment or, if the Lessee has extended this Lease of such Equipment pursuant to Section 27(c) hereof, then at least one hundred eighty (180) days prior to the expiration of the then current Additional Term. If the Lessee gives such written notice to the Lessor, such notice shall constitute the irrevocable and binding obligation of the Lessee to purchase all Items of Equipment under the relevant Lease Supplement and to pay the Lessor the End-of-Term Purchase Option Amount on the Termination Date thereof.

(II) Early Buyout Option. With respect to each Lease Supplement, the Lessee shall be entitled, at its option at the end of the second, third, fourth, fifth or sixth year of the Basic Term, upon written notice to the Lessor as hereinafter provided, to purchase all, but not less than all, Items of Equipment then subject to such Lease Supplement, unless (i) an Event of Default exists, or (ii) this Lease shall have been earlier terminated with respect thereto. Such purchase shall be consummated, and the Lessee shall pay the purchase price therefor to the Lessor in immediately available funds, on the Rent Payment Date specified in the Lessee's notice to the Lessor. The date of purchase shall be no earlier than the second anniversary of the Basic Term Commencement Date with respect to such Items of Equipment.

The purchase price for each such Item shall be an amount (each, an "EBO Purchase Option Amount") equal to the Unamortized Lease Balance for such Items of Equipment. In addition, the Lessee shall pay to the Lessor on the early buyout date, in immediately available funds, (x) an amount obtained by multiplying (1) such Unamortized Lease Balance for such Items as of such early buyout date by (2) the Applicable Rate, by (3) the number of days from and including the commencement of the then effective Rental Period to but excluding the date of purchase (calculated on the basis of a 30-day month) by (4) 1/360, plus (y) any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income or similar taxes attributable to such sale), plus (z) with respect to any purchase prior to the end of the Basic Term, the Make Whole Amount, if any, required to be paid under the terms of this Lease, any accrued and unpaid Basic Rent and any other Supplemental Payments then payable to the Lessor hereunder on or prior to the date of such early buyout. The Lessor's sale of each Item of Equipment shall be on an AS-IS, WHERE-IS BASIS, WITHOUT ANY REPRESENTATION OR WARRANTY BY, OR RECOURSE TO, THE LESSOR except that the Lessor shall warrant that each such Item of Equipment shall be free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens and free of any Liens in favor of the Lessor or any Assignee created by this Lease. If the Lessee intends to exercise said early buyout option, the Lessee shall provide the Lessor with one hundred eighty (180) days' prior written notice thereof specifying the proposed early buyout date (which date shall be a Rent Payment Date).

(b) Sale of Equipment. In the event the Lessee has not exercised any of its purchase options pursuant to Section 27(a) hereof and the parties hereto have not agreed to an Additional Term pursuant to Section 27(c) hereof, commencing ninety (90) days prior to the Termination Date, the Lessee shall solicit bids for the sale of the Equipment. The Lessor may, but shall have no obligations to also solicit bids for the sale of the Equipment. The Lessee shall ensure that all Equipment is in the condition required by Section 6 hereof. On the Termination Date, provided that all the conditions hereof have been met, the Lessor shall sell (or cause to be sold) all Items of Equipment then subject to this Lease, for cash to the highest bidder on an AS-IS, WHERE-IS BASIS AND WITHOUT RECOURSE OR WARRANTY except that the Lessor shall warrant that each such Item of Equipment shall be free and clear of all Liens of the sort described in clause (d) of the definition of Permitted Liens and free of any Liens in favor of the Lessor or any Assignee created by this Lease, and upon receipt by the Lessor of the sales price, the Lessor shall instruct the Lessee to deliver and the Lessee shall deliver such Item(s) of Equipment to such bidder at such location(s) in the continental United States as the bidder shall designate; provided, that (x) any such sale shall be consummated, and the sales price for such Item (and any amounts payable by the Lessee pursuant to Section 28) shall be paid to the Lessor in immediately available funds, on or before the Termination

Date, and (y) the Lessor shall not be obligated to sell such Equipment if (I) the Net Proceeds of Sale of such Items are less than the aggregate Maximum Lessor Risk Amount applicable to such Items as of the Termination Date, and (II) the Lessor has not received the amounts, if any, payable by the Lessee pursuant to Section 28. In the event the Equipment is not sold on or before the Termination Date and Lessee has not exercised its purchase option(s) under Section 27(a) above, Lessee shall return such Item(s) of Equipment to Lessor on the Termination Date in accordance with the provisions of Section 6 hereof, and pay to Lessor the Maximum Lessee Risk Amount on the Termination Date plus (y) the Basic Rent payable for such Items of Equipment on the Termination Date plus (z) any other Supplemental Payments payable to the Lessor hereunder with respect to such Item(s) on the Termination Date as an adjustment to Basic Rent for such Item(s) and Lessor shall use reasonable efforts to sell such Equipment provided Lessor shall have no obligation to sell the Equipment if the Net Proceeds of Sale Lessor would receive upon such a sale would be less than the Maximum Lessor Risk Amount for such Item(s) as of the Termination Date. If the amount Lessor receives upon such a sale of the Equipment (less the out-of-pocket costs and sales taxes incurred by Lessor in connection with such a sale) exceeds the Maximum Lessor Risk Amount for such Item(s) as of the Termination Date, Lessor shall pay such excess to Lessee as an adjustment to Basic Rent for such Item(s). If such sale takes place on the Termination Date, the two (2) preceding sentences shall not apply. Except as expressly set forth herein, the Lessee shall have no right, power or authority to bind the Lessor in connection with any proposed sale of the Equipment.

(c) Additional Terms. Provided no Event of Default has occurred and is continuing, upon at least one hundred eighty (180) days prior written notice to the Lessor, the Lessee may request that the Lessor consider, in its sole discretion, to extend the Basic Term for all (but not less than all) Items of Equipment covered by a Lease Supplement for an additional period of four years (each such extension, an "Additional Term"); provided, however, that there shall be no more than two such Additional Terms with respect to any Lease Supplement and provided, further, that the Lessee and the Lessor shall negotiate in good faith such amendments and modifications to this Lease (including amendments to the definitions of "Applicable Rate," "Basic Rent," "Interest Component" and "Principal Component") to effect the extension of this Lease as the parties may require. In the event the Lessee and the Lessor are unable to agree upon the foregoing amendments and modifications not later than ninety (90) days prior to the expiration of the Basic Term or any Additional Term, the Lessee shall be deemed to have exercised its purchase option pursuant to Section 27(a)(I) hereof.

28. End-of-Term Rental Adjustment - Sale of Equipment. This Section 28 shall apply only if a sale of the Equipment pursuant to Section 27(b) hereof is being consummated on the Termination Date. If the aggregate proceeds of sale of the Equipment after deducting therefrom all applicable sales taxes and the aggregate amount of all out-of-pocket costs (including reasonable attorneys fees) (other than sales commissions or similar third-party fees, unless approved in writing by the Lessee) incurred by the Lessor or the Beneficiary in connection with such sale (such net amount being hereinafter referred to as "Net Proceeds of Sale") are less than the End-of-Term Purchase Option Amount, the Lessee shall, on the Termination Date, pay to the Lessor, in immediately available funds, to the Lessor's account specified pursuant to Section 7(d) hereof, (x) an amount equal to such deficiency (a "Deficiency") as an adjustment to the Basic Rent payable under this Lease for such Items plus (y) the Basic Rent payable for such Items of Equipment on the

Termination Date plus (z) any other Supplemental Payments payable to the Lessor hereunder; provided, however, that if no Event of Default shall exist, the amount of the Deficiency payable by the Lessee with respect to the Items covered by such Lease Supplement shall not exceed the Maximum Lessee Risk Amount based on the Maximum Lessee Risk Percentage as set forth in such Lease Supplement for such Termination Date. If the Net Proceeds of Sale of such Items of Equipment exceed the End-of-Term Purchase Option Amount, then the Lessor shall apply that excess to any amounts that the Lessee then owes to the Lessor hereunder with respect to such Items (or, if an Event of Default exists, to any other amount that the Lessee then owes to the Lessor), and shall pay to the Lessee the remainder of such excess as an adjustment to the Basic Rent payable under this Lease for such Items.

29. Covenants of the Lessee. The Lessee agrees, for the benefit of the Lessor and each Assignee, as follows:

(a) Financial Information. During the Term, the Lessee will furnish or cause to be furnished to the Lessor (a) within one hundred twenty (120) days after the end of each of its fiscal years, its consolidated balance sheet and related consolidated statements of income and cash flows, in each case certified by independent certified public accountants of nationally recognized standing, showing its financial position at the close of such year and the results of its operations and cash flows for such year; (b) within fifty-five (55) days after the end of each of the first three (3) quarters in each of its fiscal years, its unaudited condensed consolidated balance sheet and related condensed consolidated statements of income and cash flows, such balance sheets to be as of the end of such quarter and such statements of income and cash flows to be for the period from the beginning of the fiscal year to the end of such quarter, in each case in the forms included in its Quarterly Report on Form 10-Q for such quarter filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, and subject to audit and year-end adjustments; and (c) such other information respecting the Lessee's business, properties or its condition or operations, financial or otherwise, as the Lessor may from time to time reasonably request.

In the event the Lessee is no longer obligated to file Forms 10-K and 10-Q with the SEC, the Lessee shall furnish to the Lessor the financial statements required to be filed under such Forms on or prior to the dates specified in the preceding sentence.

(b) Mergers, etc. The Lessee shall not merge with or into or consolidate with or into any other Person or sell, transfer, or otherwise dispose of substantially all or any material portion of the Lessee's assets, or permit any substantial change in the ownership or control of its capital stock unless, immediately after giving effect thereto, (1) with respect to a merger or consolidation, the Lessee is the surviving corporation, or the surviving (if not the Lessee) or resulting corporation shall have assumed, in writing, the obligations of the Lessee under this Lease pursuant to documentation reasonably satisfactory to the Lessor and each Assignee (if any), and (2) after giving effect to such merger, consolidation, sale or transfer, the entity obligated under this Lease shall have a secured debt rating (or in the absence of such secured debt rating, a most senior debt rating) of "A1" or better by Moody's Investor Services and "A+" or better by Standard & Poor's.

(c) ERISA. As soon as possible and in any event (A) within the time notice to the PBGC is required as to any ERISA Event described in clause (i) of the definition of ERISA Event with respect to any Plan of the Lessee or any ERISA Affiliate of the Lessee has occurred and (B) within ten (10) days after any other ERISA Event with respect to any Plan of the Lessee or any ERISA Affiliate of the Lessee has occurred, the Lessee shall deliver to the Lessor a statement of the Lessee (signed on its behalf by a Responsible Officer of the Lessee) describing such ERISA Event and the action, if any, which the Lessee or such ERISA Affiliate proposes to take with respect thereto.

(d) ERISA Information. Promptly after receipt thereof by the Lessee or any of its ERISA Affiliates from the PBGC, the Lessee shall deliver to the Lessor copies of each notice received by the Lessee or such ERISA Affiliate of the PBGC's intention to terminate any Plan of the Lessee or such ERISA Affiliate or to have a trustee appointed to administer any such Plan.

(e) ERISA Notice. Promptly after receipt thereof by the Lessee or any ERISA Affiliate of the Lessee from a Multiemployer Plan sponsor, the Lessee shall deliver to the Lessor a copy of each notice received by the Lessee or such ERISA Affiliate concerning the imposition or amount of withdrawal liability in an aggregate principal amount of at least $10 million pursuant to Section 4202 of ERISA in respect of which the Lessee or such ERISA Affiliate is reasonably expected to be liable.

(f) Litigation. The Lessee shall deliver to the Lessor, promptly after the Lessee becomes aware of the occurrence thereof, notice of all actions, suits, proceedings or other events for which the Lessor will be entitled to indemnity hereunder.

30. Payment of Transaction Expenses. The Lessee agrees, whether or not the transactions contemplated by this Lease are consummated, to pay, within five (5) Business Days after the Lessor's request therefor (or reimburse the Lessor for the payment of) all Transaction Expenses that are not included in Equipment Cost.

31. Owner for Income Tax Purposes. The Lessor agrees that the Lessee shall be deemed the owner of the Equipment for Federal, state and local income tax purposes and that, so long as no Event of Default shall have occurred and be continuing, the Lessor shall take no action inconsistent with such ownership for income tax purposes.

32. Governing Law; Waiver of Jury Trial; Submission to Jurisdiction. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance. **The Lessee and the Lessor hereby waive any right to a trial by jury in any dispute arising under or in any way relating to the transactions contemplated by this Lease.** Each of the Lessor and the Lessee (a) irrevocably submits itself to the non-exclusive jurisdiction in New York and the United States District Court for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this Lease, or the subject matter hereof or the transaction contemplated hereby, (b) irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or United States Federal court and (c) agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding any claim that is not personally subject

to the jurisdiction of the above-named State or United States Federal courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Lease or the subject matter hereof may not be enforced in or by such courts under any applicable law. The Lessee agrees that its submission to jurisdiction is made for the express benefit of the Lessor and its successors and permitted assigns. The Lessee hereby agrees that service of process may be made upon the Lessee by written notice. Nothing in this Section 32 shall affect the right of the Lessor or its successors or assigns to serve legal process in any other manner permitted by law or affect the right of the Lessor or its successors or permitted assigns to bring any action or proceeding against the Lessee or its property in the courts of other jurisdictions.

33. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing any party's rights under 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. To the extent permitted by applicable law, the Lessee and the Lessor hereby waive any provision of law which renders any provision of this Lease prohibited or unenforceable in any respect. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which the enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and permitted assigns of the Lessor and the Lessee (subject to the restrictions of Section 13 above). This Lease, each Lease Supplement and each related instrument, document, agreement and certificate, collectively constitute the complete and exclusive statement of the terms of the agreement between the Lessor and the Lessee with respect to the acquisition and leasing of the Equipment, and cancel and supersede any and all prior oral or written understandings with respect thereto. Notwithstanding anything to the contrary contained or implied elsewhere in this Lease, Lessee shall not be responsible to any Person for the Lessee's, the Owner Trustee's or the Indenture Trustee's fees, costs and Expenses incurred in connection with the creation or administration of the Trust Agreement, the Indenture, the Trust Estate, or the collateral assignment to the Indenture Trustee contemplated by Section 13(b) hereof except as caused by an Event of Default hereunder.

34. Owner Trustee. The Owner Trustee or any successor may resign or be removed (so long as such removal would not diminish the Lessee's rights or result in increased liability or costs to the Lessee) by the Beneficiary and a successor Owner Trustee may be appointed (so long as such appointment would not diminish the Lessee's rights or result in increased liability or costs to the Lessee). Any such successor or appointed Owner Trustee will be chartered under the laws of and located in the United States or a state of the United States. Lessor shall not be personally liable for any breach of any of the representations, undertakings and agreements of Lessor except to the extent required to permit Lessee to recover against the assets of the Trust Estate, and Lessee's recovery for any breach by Lessor of its obligations hereunder shall be limited to the assets of the Trust Estate (as defined in the Trust Agreement); provided, however, that nothing in this Section 34 shall be deemed to limit in scope or substance the personal liability of the Lessor (a) to the Beneficiary as expressly set forth in the Trust Agreement, (b) in respect of the representations, warranties and agreements of the Lessor in its individual capacity expressly made as such herein or in any other related documents

to which it is a party, and (c) for the consequences of its own gross negligence, willful misconduct, and, in receiving, handling or remitting funds only, its simple negligence.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed by their duly authorized representatives as of the date first above written.

[SIGNATURES AND NOTARIES ARE ON ATTACHED PAGES]

Lessee:

Attest:

ALABAMA POWER COMPANY

By: Patsy B. Southerland
Name: PATSY B. SOUTHERLAND
Title: Assistant Secretary

By: William B. Hutchins, III
Name: William B. Hutchins, III
Title: Executive Vice President, Chief Financial Officer & Treasurer

(Corporate Seal)

Lessor:

Attest:

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(Corporate Seal)

THIS IS COUNTERPART NO. 4 OF FIVE SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

Lessee:

Attest:

ALABAMA POWER COMPANY

By:_____
Name:_____
Title:_____

By:_____
Name: William B. Hutchins, III
Title: Executive Vice President, Chief Financial Officer & Treasurer

(Corporate Seal)

Lessor:

Attest:

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor

By:_____
Name: C. Scott Nielsen
Title: Vice President

By:_____
Name: Brett R. King
Title: Assistant Vice President

(Corporate Seal)

FIRST SECURITY BANK CORPORATE SEAL NATIONAL ASSOCIATION

THIS IS COUNTERPART NO. 4 OF FIVE SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF ALABAMA

COUNTY OF Jefferson, ss:

On this 3rd day of June, 1999, before me personally appeared William B. Hutchins, III, to me personally known, who being by me duly sworn, says he is the Executive Vice President, Chief Financial Officer & Treasurer of **ALABAMA POWER COMPANY**, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Kimberley S. Thrift
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 11-25-2000

STATE OF _____

COUNTY OF _____, ss:

On this ___ day of _____, 1999, before me personally appeared _____, to me personally known, who being by me duly sworn, says [s]he is the _____ of **FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor**, that the seal affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association, not in its individual capacity but solely as Owner Trustee, as the Lessor.

_____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

STATE OF ALABAMA

COUNTY OF _____, ss:

On this __ day of _____, 1999, before me personally appeared William B. Hutchins, III, to me personally known, who being by me duly sworn, says he is the Executive Vice President, Chief Financial Officer & Treasurer of **ALABAMA POWER COMPANY**, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

STATE OF Utah

COUNTY OF Salt Lake, ss:

On this __ day of _____, 1999, before me personally appeared Scott R. King to me personally known, who being by me duly sworn, says [s]he is the AVP of **FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor**, that the seal affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association, not in its individual capacity but solely as Owner Trustee, as the Lessor.

Kevin East
Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

Notary Public
KEVIN EAST
79 South Main Street, 3rd Floor
Salt Lake City, Utah 84111
My Commission Expires
September 10, 2002
State of Utah

Schedule I to Lease

Notice of Information

Lessee:

Alabama Power Company
600 North 18th Street
Birmingham, Alabama 35203

Attention: Mr. Randy DeRieux, Assistant Treasurer
Telephone No.: (205) 257-2454
Facsimile No.: (205) 257-1023

Lessor:

First Security Bank, National Association
79 South Main Street
Salt Lake City, Utah 84151

Attention: Brett King
Telephone No.: (801) 246-5819
Facsimile No.: (801) 246-5053

Beneficiary:

Pitney Bowes Credit Corporation
27 Waterview Drive
Shelton, CT 06484

Attention: Vice President - Senior Credit Officer
Telephone No.: (203) 922-4526
Facsimile No.: (203) 922-4144

Schedule II to Lease

Accounts

Mellon Bank N.A.
Pittsburgh, Pennsylvania
ABA #: 043000261
Account: Pitney Bowes Credit Corporation
Account #: 092-0931
Reference: Alabama Power B Lease

Schedule III to Lease

Pursuant to Section 13(a) of the Lease, the maximum amount of the total obligation under the Lease that Lessee is permitted to transfer to a utility subsidiary of Southern Company is as follows:

Utility Subsidiary of Southern Company:	Amount of Obligation Permitted to be Transferred:
Savannah Electric and Power Company	$25,000,000.00
Gulf Power Company	$25,000,000.00
Mississippi Power Company	$25,000,000.00
Georgia Power Company	No limitation

EXHIBIT A TO
EQUIPMENT LEASING AGREEMENT

LEASE SUPPLEMENT NO. ___

(This is counterpart no. ___ of five serially numbered manually executed counterparts)

This Lease Supplement is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions of, the Equipment Leasing Agreement dated as of _____ ____, 1999 between the undersigned as the Lessor and the Lessee (herein, as amended and supplemented from time to time, called the "Lease").

All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

1. Description and Quantity of Items of Equipment covered by this Lease Supplement: ____(number of railcars) railcars scheduled to be delivered between _____ ___, _____ and _____ ___, _____ described and also identified by identification number on Schedule 1 hereto and Schedule 1 to the Restated Lease Supplement. The manufacturer, model numbers, specifications and serial numbers of all of the Equipment subject to this Lease Supplement will be listed in the Acceptance Notice(s). The actual number of Items of Equipment that the Lessor will purchase and lease under this Lease Supplement will be the total shown in all Acceptance Notices, as determined by the Lessee and the Lessor.

2. Lease Acceptance: Each Item of Equipment will be delivered by the Lessor to the Lessee under this Lease Supplement after delivery of the Equipment by the manufacturer. Such delivery will be evidenced by an Acceptance Notice which shall, among other things: (a) state the total number of Items of Equipment and the aggregate Equipment Cost of the Equipment being delivered pursuant thereto; (b) state the Interim Rent for each Item of Equipment being delivered (as further described below under Interim Rent); and (c) in Schedule 1 thereto, list the manufacturer, model number, serial number and other specifications of the Equipment being delivered and the Equipment Cost of each Item of Equipment. Upon its execution and delivery, each Acceptance Notice shall be incorporated by reference herein and form a part of this Lease Supplement. The date of the Acceptance Notice shall be the Acceptance Date of each Item of Equipment subject thereto.

3. Equipment Cost: The aggregate Equipment Cost for all Items of Equipment delivered pursuant to this Lease Supplement shall be the sum of the aggregate Equipment Cost stated in all Acceptance Notices with respect to Equipment subject to this Lease Supplement.

4. Funding Notice: Upon not less than two (2) Business Days' prior written notice from the Lessee, the Lessor will fund the Equipment Cost, in amounts not less than $2 million, provided that it has

received a Bill of Sale and invoice from the manufacturer to the Lessor for such Items of Equipment and an Acceptance Notice and that the other terms and conditions stated in the Lease and this Lease Supplement to such funding have been satisfied.

5. Basic Term: Seven years, commencing on the Basic Term Commencement Date.

6. Basic Rent: Basic Rent for each Item of Equipment shall be determined based on the Applicable Rate in effect two (2) Business Days prior to the Basic Term Commencement Date and shall be equal to the relevant Interest Component plus the Principal Component for such Item of Equipment, such components to be determined by dividing (x) such components for all Items of Equipment, as set forth on Schedule III of the Restated Lease Supplement, by (y) the total number of Items of Equipment covered by the Restated Lease Supplement. The Basic Rent shall be payable in semi-annual installments during the Basic Term on the Rent Payment Dates, as set forth in the Restated Lease Supplement.

7. Basic Term Commencement Date shall be _____ __ _____, _____.

8. Interim Term: Commencing on the Funding Date and ending one (1) day prior to the Basic Term Commencement Date.

9. Interim Rent: For the Items of Equipment delivered under each Acceptance Notice, an amount equal to the sum of the product of the Applicable Rate stated in each Acceptance Notice times the total Equipment Cost of such Items of Equipment divided by 360, as calculated for each day of the Interim Term (such calculation to be made on the basis of actual days elapsed on the basis of a 30-day month).

10. Casualty Loss Values: For any date, the amount determined by multiplying the Equipment Cost of the relevant Item of Equipment (i) during the Interim Term, by 100% or (ii) during the Basic Term, by the percentage set forth opposite each Casualty Loss Value Payment Date as set forth on Schedule I to the Restated Lease Supplement.

Casualty Loss Values for each Rent Payment Date during the Basic Term shall be determined two Business Days before the Basic Term Commencement Date using the same factors used to establish Basic Rent and will be stated in Schedule I to the Restated Lease Supplement.

11. Certain Values:

Expiration of:	Maximum Lessee Risk Percentage:*	Maximum Lessor Risk Percentage:*	End-of-Term Purchase Option Amount:*
Basic Term	51.50%	18.50%	70%

*Expressed as a percentage of the Equipment Cost of each Item of Equipment

12. Restated Lease Supplement. On or about the Basic Term Commencement Date, the Lessor shall deliver a Restated Lease Supplement to the Lessee, which will: (a) state in Schedule 1 the aggregate Equipment Cost for all of the Items of Equipment subject to this Lease Supplement; (b) state in Schedule III the relevant Interest Component and Principal Component for each installment of Basic Rent; and (c) state in Schedule I thereto the percentage used in determining the Casualty Loss Value for each Item of Equipment subject to this Lease Supplement for each Casualty Loss Value Payment Date. Schedules I and III to the Restated Lease Supplement shall be calculated as provided above under Basic Rent and Casualty Loss Values. Upon its delivery, the Restated Lease Supplement shall supersede and replace this Lease Supplement and each of the Acceptance Notices delivered hereunder and shall be the "Lease Supplement" for all purposes of the Lease.

The Lessor shall make such filings under Section 3 of the Lease as it shall reasonably determine are necessary or prudent of or with respect to the Restated Lease Supplement.

13. **THIS LEASE SUPPLEMENT AND ITS TERMS AND CONDITIONS ARE HEREBY INCORPORATED BY REFERENCE IN THE LEASE.**

14. **THIS LEASE SUPPLEMENT ALONG WITH A CERTIFIED COPY OF THE LEASE SHALL CONSTITUTE CHATTEL PAPER FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE. NO SECURITY INTEREST IN THE LEASE MAY BE CREATED THROUGH THE TRANSFER OF POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1 OF THIS LEASE SUPPLEMENT.**

IN WITNESS WHEREOF, the parties hereto have caused this Lease Supplement to be duly executed by their duly authorized representatives as of this ___ day of _____, _____.

Lessee:

Attest:

ALABAMA POWER COMPANY

By:_____
Name:_____
Title:_____
(Corporate Seal)

By:_____
Name:_____
Title:_____

Lessor:

Attest:

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor

By:_____
Name:_____
Title:_____
(Corporate Seal)

By:_____
Name:_____
Title:_____

THIS IS COUNTERPART NO. ___ OF FIVE (5) SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE PERFECTED THROUGH THE POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF ALABAMA
COUNTY OF _____, ss:

On this ____ day of _____, _____, before me personally appeared _____, to me personally known, who being by me duly sworn, says that [s]he is the _____ of **Alabama Power Company**, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[NOTARIAL SEAL]
My commission expires: _____

STATE OF _____
COUNTY _____, ss:

On this ___ day of _____, _____, before me personally appeared _____, to me personally known, who being by me duly sworn, says that [s]he is the _____ of **First Security Bank, National Association**, not in its individual capacity but solely as Owner Trustee, as the Lessor, that the seal affixed to the foregoing instrument is the seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

_____
Notary Public

[NOTARIAL SEAL]
My commission expires: _____

SCHEDULE 1
TO LEASE SUPPLEMENT NO. _____

Description of Equipment

SCHEDULE I
TO LEASE SUPPLEMENT NO. _____

Casualty Loss Values

Percentage	Casualty Loss Value Payment Date
100%	_____, 1999
_____	_____, 2000
_____	_____, 2000
_____	_____, 2001
_____	_____, 2001
_____	_____, 2002
_____	_____, 2002
_____	_____, 2003
_____	_____, 2003
_____	_____, 2004
_____	_____, 2004
_____	_____, 2005
_____	_____, 2005
_____	_____, 2006

SCHEDULE II TO
LEASE SUPPLEMENT NO. ____

Equipment Costs

See Acceptance Notice(s).

SCHEDULE III TO
LEASE SUPPLEMENT NO. _____

Date	Principal Component	Unamortized Lease Balance
	$	$

EXHIBIT B TO
EQUIPMENT LEASING AGREEMENT

ACCEPTANCE NOTICE

Acceptance Date:_____, 1999

This Acceptance Notice is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions of, the Equipment Leasing Agreement dated as of June 4, 1999 between the undersigned as the Lessor and the Lessee (herein, as amended and supplemented from time to time, called the "Lease") and Lease Supplement No. ___, dated as of _____.

The Lessee hereby (a) acknowledges and certifies that (i) each Item of Equipment described on Schedule 1 attached hereto has been selected by, delivered to, and inspected by, the Lessee, and (ii) the Lessee has reviewed and approved the purchase order, supply contract or purchase agreement covering each such Item; and (b) accepts each such Item for lease under the Lease as of the date hereof.

The Lessor and the Lessee hereby agree that each Item of Equipment described on Schedule 1 attached hereto is hereby leased by the Lessee from the Lessor under and subject to all of the terms, conditions and provisions of the Lease and Lease Supplement No. ___; that the Term with respect to each such Item commences on the date hereof and that such date is the "Acceptance Date" thereof; and that Equipment Cost for all Items of Equipment covered by this Acceptance Notice is as set forth below.

Total Number of Items of Equipment listed on Schedule 1 hereto: _____.

The total Equipment Cost of the Equipment delivered hereunder and listed in Schedule 1 hereto is $_____.

The Applicable Rate hereunder is _____%.

The Interim Rent shall be: _____.

The Lessee hereby agrees to pay the Interim Rent and the Basic Rent for all Items of Equipment covered by this Acceptance Notice in the amounts and at the times specified in Lease Supplement No. ____, reaffirms its acknowledgments and agreements in Section 8 of the Lease and certifies that its representations and warranties set forth in Section 20 of the Lease and in any related certificate delivered to the Lessor are true and correct on the date hereof.

All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Acceptance Notice to be duly executed by their duly authorized representatives as of this ___ day of _____, _____.

Lessee:

Attest:

ALABAMA POWER COMPANY

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

(Corporate Seal)

Lessor:

Attest:

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

(Corporate Seal)

STATE OF ALABAMA

COUNTY OF _____, ss:

On this ___ day of _____, 1999, before me personally appeared _____, to me personally known, who being by me duly sworn, says [s]he is the _____ of **ALABAMA POWER COMPANY**, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

STATE OF _____

COUNTY OF _____, ss:

On this __ day of _____, 1999, before me personally appeared _____, to me personally known, who being by me duly sworn, says [s]he is the _____ of **FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee, as the Lessor**, that the seal affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association, not in its individual capacity but solely as Owner Trustee, as the Lessor.

_____

Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

SCHEDULE 1 TO ACCEPTANCE NOTICE

Manufacturer, Model #, Serial #, Equipment Cost and Other Specifications of the Equipment

EXHIBIT C TO
EQUIPMENT LEASING AGREEMENT

TRUST AGREEMENT

AMENDED AND RESTATED TRUST AGREEMENT

Dated as of June __, 1999

between

PITNEY BOWES CREDIT CORPORATION,
as Beneficiary

and

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
as Owner Trustee

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AMENDED AND RESTATED TRUST AGREEMENT

THIS AMENDED AND RESTATED TRUST AGREEMENT dated as of June __, 1999 (this "Trust Agreement"), between PITNEY BOWES CREDIT CORPORATION, a Delaware corporation, as trustor and beneficiary in the execution hereof ("Beneficiary"), and FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association (the "Owner Trustee").

WITNESSETH:

WHEREAS, Beneficiary and the Owner Trustee entered into that certain Trust Agreement, dated as of May 19, 1999 (the "Initial Trust Agreement");

WHEREAS, Beneficiary and the Owner Trustee wish to amend and restate the Initial Trust Agreement;

WHEREAS, Beneficiary desires to create pursuant hereto a trust for the purpose of acquiring the Equipment (as defined in each Lease as hereinafter defined) under the Assignment (as defined in each Lease as hereinafter defined) and immediately thereafter leasing such Equipment to Alabama Power Company ("Lessee") under one or more Equipment Leasing Agreements between the Owner Trustee, as lessor, and Lessee, as lessee (as the same may be amended, supplemented or modified, each a "Lease" and, collectively, the "Leases"); it being intended that the Lease will be the A Lease, B Lease and C Lease, as each term is defined in the Note Purchase Agreement dated as of April 28, 1998 (the "Note Purchase Agreement") among the Owner Trustee, the Beneficiary, Wilmington Trust Company, as Indenture Trustee and the Purchasers listed on Schedule A thereto:

WHEREAS, the Owner Trustee is willing to accept the duties and obligations imposed hereby on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions. Unless the context shall otherwise require, the capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the applicable Lease.

ARTICLE II

CREATION OF TRUST: OWNER TRUSTEE'S AUTHORIZATIONS; DECLARATION OF TRUST

SECTION 2.1 Creation of Trust. Beneficiary and the Owner Trustee hereby create a trust (the "Trust"), which Trust shall be identified by the date and title of the Initial Trust Agreement.

SECTION 2.2 Authorization to Execute Certain Documents. Beneficiary hereby authorizes and directs the Owner Trustee to take the following action:

(a) to accept delivery of the Equipment under and subject to the terms of each Lease and of the related Bills of Sale;

(b) to execute and deliver each Operative Document (as defined in the applicable Lease) to which the Owner Trustee is stated to be a party;

(c) subject to the terms of this Trust Agreement, to exercise all of its rights and perform all of its obligations under each of the Operative Documents; and

(d) to take such other action in connection with any of the foregoing as Beneficiary may from time to time direct in writing.

SECTION 2.3 Declaration of Trust. The Owner Trustee hereby declares that it will hold all estate, right, title and interest of the Owner Trustee in and to the Equipment under each Lease, the Leases, any funds transmitted to the Owner Trustee pursuant to the Leases, and any other property purchased from Seller or contributed by Beneficiary, including, without limitation, all amounts of Rent, insurance and requisition proceeds, indemnity and other payments of any kind for or with respect to the Equipment under each Lease or any part thereof (other than any indemnities to which the Owner Trustee or Beneficiary is entitled pursuant to the Leases and any other amounts paid or payable to any of them in their individual capacities), upon and subject to the terms hereinafter set forth (all such estate, right, title and interest being herein sometimes called, with respect to the Trust, the "Trust Estate") for the use and benefit of Beneficiary subject, however, to the terms and conditions of this Trust Agreement and of the applicable Lease, and of all other documents referred to herein and therein and the rights of others hereunder and thereunder.

ARTICLE III

BENEFICIARY'S AGREEMENT

Beneficiary acknowledges and agrees as follows:

SECTION 3.1 [Not Applicable]

SECTION 3.2 Indemnification of Owner Trustee; Owner Trustee's Lien on Trust Estate. Beneficiary shall assume liability for, and shall indemnify, protect, save and keep harmless the Owner Trustee (including any co-trustee or separate trustee appointed pursuant to Section 7.7 hereof and its successors, assigns, agents, servants and personal representatives (each such person being herein referred to as an "indemnified person"), on an after-tax basis from and against any and all liabilities, obligations, losses, damages, penalties, taxes (other than any income taxes on fees or other compensation received by the Owner Trustee in its capacity as Owner Trustee), claims, actions, suits, costs, expenses and disbursements (including, without limitation, legal fees and expenses) of any kind and nature whatsoever (hereinafter referred to as claims) which may be imposed on, incurred by or asserted against any indemnified person, whether or not also indemnified against by the Lessee under the applicable Lease or otherwise, the manufacturers of the Equipment or by any other person, in any way relating to or arising out of this Trust Agreement, the Trust created hereby, any Lease, or any document contemplated hereby or thereby, or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the ownership by the Owner Trustee of the Equipment or any part thereof, or in any way relating to or arising out of the administration of the Trust and the Trust Estate; provided, however, that Beneficiary shall not be required to indemnify any indemnified person for any claims (a) resulting from acts which would constitute the willful misconduct or gross negligence of such indemnified person, but (except as set forth in clause (3) of paragraph (b) of Section 7.7 hereof) the willful misconduct or gross negligence of any one indemnified person shall not affect the rights of any other indemnified person hereunder; or (b) for which indemnity is paid by the Lessee, its successors or assigns pursuant to a Lease which payment each indemnified person agrees to seek from the Lessee, its successors or assigns prior to requesting indemnity hereunder (it being understood that Beneficiary shall nevertheless remain liable for such indemnity hereunder to the extent the same is not paid by the Lessee, its successors or assigns pursuant to such Lease); and provided further, however, that Beneficiary shall not be required to indemnify the Owner Trustee with respect to claims resulting from (a) any representation or warranty of the Owner Trustee contained herein proving to be untrue or inaccurate; (b) (i) the failure of the Owner Trustee to be a banking institution, a trust company or a corporation duly organized, validly existing and in good standing under the laws of the United States or the state of its organization, (ii) the execution and delivery of this Trust Agreement or any other document in connection with the transactions contemplated hereby being in contravention of any mortgage or agreement to which

the Owner Trustee is a party or by which it is bound, or (iii) the Owner Trustee not having the power and authority to enter into and carry out the terms of this Trust Agreement or any other document executed by the Owner Trustee in connection with the transactions contemplated hereby; or (c) any matter for which the Owner Trustee is personally liable pursuant to Section 5.1 hereof. The indemnities contained in this Section shall survive the termination of this Trust Agreement and of the Trust created hereby, and such indemnities are expressly made for the benefit of, and shall be enforceable by, each indemnified person notwithstanding the fact that such indemnified person is no longer a party to this Trust Agreement or was not a party to this Trust Agreement on the date of the execution hereof. In addition, to secure the foregoing indemnities by Beneficiary, the Owner Trustee shall, to the extent not reimbursed by the Lessee, its successors or assigns under any Lease, the manufacturers of the Equipment or any other person, have a lien on the Trust Estate, which shall be prior to any interest therein of Beneficiary but shall be subject and subordinated to the rights of the Lessee under the applicable Lease.

SECTION 3.3 Payment of Certain Owner Trustee's Fees, Costs and Expenses. Whether or not the transactions contemplated hereby are consummated, Beneficiary shall (i) pay to the Owner Trustee such fees as may be reasonably charged, and such costs and expenses (including reasonable counsel fees) as may be reasonably incurred, by the Owner Trustee pursuant to Article X hereof for its ordinary services hereunder; (ii) pay to the Owner Trustee such fees as may be reasonably charged, and such costs and expenses (including reasonable counsel fees) as may be reasonably incurred, by the Owner Trustee in consequence of any direction of Beneficiary given to the Owner Trustee pursuant to Section 2.2 hereof, and (iii) pay to the Owner Trustee such fees as may be reasonably charged, and such costs and expenses (including reasonable counsel fees) as may be reasonably incurred, in consequence of the Owner Trustee rendering extraordinary services or incurring extraordinary costs and expenses including, without limitation, services rendered and costs and expenses incurred in connection with any Event of Default under any Lease, and, with respect to such fees, costs and expenses, the Owner Trustee shall have a lien on the Trust Estate, subject and subordinated to the rights of the Lessee under the applicable Lease, which shall be prior to any interest therein of Beneficiary.

SECTION 3.4 Not Acting in Individual Capacity. In accepting the trusts hereby created, the Owner Trustee acts solely as trustee hereunder and not in its individual capacity, and all persons, other than Beneficiary as provided herein, having any claim against the Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof, except to the extent the Owner Trustee shall expressly agree otherwise in writing.

SECTION 3.5 Books, Records and Tax Returns. Except for tax returns, the Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursements of all monies under this Trust Agreement. The Owner Trustee agrees to sign and/or file all returns with respect to taxes as Beneficiary may cause to be prepared and direct the Owner Trustee to sign and/or file. The Owner Trustee shall keep copies of all returns delivered to it or filed by it. The Owner Trustee shall not be personally liable for any tax due and payable in connection with this Trust Agreement except for any such tax arising from its own willful misconduct or gross negligence and except for any tax based on or measured by amounts paid to the Owner Trustee as fees or compensation in connection with the transactions contemplated hereby.

SECTION 3.6 Exculpatory Provision. Any and all exculpatory provisions, immunities and indemnities in favor of the Owner Trustee under this Trust Agreement shall inure to the benefit of the Owner Trustee as trustee and in its individual capacity.

ARTICLE IV

OWNER TRUSTEE'S AGREEMENTS

The Owner Trustee hereby agrees as follows:

SECTION 4.1 Execution and Delivery of Documents and Performance of Obligations. The Owner Trustee shall accept or execute and deliver, as the case may be, each of the documents referred to in Article II hereof, in any other Article hereof or in any directive of Beneficiary given pursuant hereto, and shall perform with respect to the Trust all the obligations and duties of the Owner Trustee hereunder and thereunder.

SECTION 4.2 [Not Applicable]

SECTION 4.3 Receipt of Funds Pursuant to a Lease or Otherwise and Distribution Thereof. With respect to the Trust, the Owner Trustee may receive amounts paid to the Owner Trustee pursuant to the terms of each Lease, any and all proceeds (including insurance and requisition proceeds) of the sale, re-lease or other disposition of the Equipment under any Lease or any part thereof, and all other amounts paid to the Owner Trustee under this Trust Agreement and the other documents referred to herein and therein, as part of the Trust Estate, and shall apply or distribute such amounts, first, as provided in the applicable Lease, second, if no provision is made therefor in such Lease, to payment to the Owner Trustee for any amounts, including fees, expenses, costs or liabilities incurred, for which the Owner Trustee is entitled to payment, reimbursement or indemnity from Beneficiary and for which the Owner Trustee has not been paid or reimbursed from any other source, and

third, to the payment of the entire balance to Beneficiary. If there is more than one Beneficiary of the Trust, profits, losses, deductions and credits shall, to the extent permitted by law, be allocated among the Beneficiaries in proportion to their respective interests in the Trust Estate. Notwithstanding anything to the contrary herein contained, however, it is understood and agreed that the Owner Trustee shall not be obligated to make any distribution until the funds for such distribution have been received by the Owner Trustee in cash or other immediately available funds.

Notwithstanding the above, any amounts to be paid to a Beneficiary by third parties pursuant to any Lease and related agreements may be paid by such third parties directly to the account of such Beneficiary in such bank accounts as such Beneficiary may determine.

SECTION 4.4 Obligations in Connection with Event of Default. In the event that the Owner Trustee shall have knowledge of an Event of Default or any event which with the passage of time or giving of notice or both would constitute an Event of Default, the Owner Trustee promptly shall give written notice thereof to each Beneficiary and the Lessee, as appropriate, by telecopy or first class registered or certified postage prepaid mail. Subject to the terms of Section 4.6 hereof, the Owner Trustee shall take such action, or refrain from taking such action, not inconsistent with the provisions of the applicable Lease with respect thereto as the Owner Trustee shall be directed in writing by Beneficiary. If the Owner Trustee shall not have received instructions as above provided within 20 days after mailing notice of such event to Beneficiary, the Owner Trustee may, subject to instructions thereafter received pursuant to the preceding sentence and to the provisions of the applicable Lease, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect thereto as it shall deem advisable in the best interest of Beneficiary. For all purposes of this Trust Agreement, in the absence of actual knowledge, the Owner Trustee shall not be deemed to have knowledge of an Event of Default or any event which with the passage of time or giving of notice or both would constitute an Event of Default, unless notified in writing by Beneficiary or the Lessee. For purposes of this Trust Agreement, the Owner Trustee shall be deemed to have actual knowledge of such event if the same is known by an officer in the Corporate Trust Department of the Owner Trustee.

SECTION 4.5 Take Certain Action upon Specific Instructions. Subject to the terms of Section 4.6 hereof and upon the written instructions at any time and from time to time of Beneficiary, the Owner Trustee shall take such of the following actions not inconsistent with the provisions of the applicable Lease as may be specified in such instructions:

(a) give such notice or direction or exercise such right, remedy or power hereunder or under such Lease or in respect to the Trust Estate as shall be specified in such instructions or take such other action as shall be specified in such instructions;

(b) approve as satisfactory to the Owner Trustee or consent to all matters required by the terms of such Lease or other documents referred to herein to be satisfactory to the Owner Trustee or consented to by the Owner Trustee; and

(c) after the expiration or earlier termination of such Lease, convey, at the expense of Beneficiary, all of the Owner Trustee's right, title and interest in and to the Equipment or any part thereof for such amount or on such terms and to such purchaser or purchasers as shall be designated in such instructions or lease or otherwise dispose of such Equipment on such terms as shall be designated in such instructions.

SECTION 4.6 Limitation of Owner Trustee's Responsibilities. The Owner Trustee shall not be required to take any action under Section 4.4 or 4.5 hereof unless the Owner Trustee shall have been indemnified by Beneficiary in manner and form satisfactory to the Owner Trustee against any liability, cost or expense (including reasonable counsel fees) which may be incurred in connection with such action. The Owner Trustee shall not be required to take any action under Section 4.4 or 4.5 hereof, nor shall any other provisions of this Trust Agreement be deemed to impose a duty on the Owner Trustee to take any action, if the Owner Trustee shall have been advised by counsel that such action with respect to the Trust is contrary to the terms of the applicable Lease or is otherwise contrary to law.

SECTION 4.7 Management of the Trust Estate.

(a) The Owner Trustee shall have no duty or obligation with respect to the Trust to manage, control, use, sell, operate, store, lease, dispose of or otherwise deal with the Equipment or any other part of the Trust Estate or otherwise to take or refrain from taking any action under or in connection with any Lease or any other document or any other action with respect to the Equipment except as expressly provided by the terms of this Trust Agreement, or as expressly provided in written instructions from Beneficiary and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. The Owner Trustee nevertheless agrees in its own capacity and not in its capacity as Owner Trustee, and at its own cost and expense, promptly to take such action as may be necessary with respect to the Trust to discharge any lien attributable to it in its individual capacity.

(b) The Owner Trustee agrees with respect to the Trust that it will not manage, control, use, sell, dispose of or otherwise deal with the Equipment or any other part of the Trust Estate except (i) as required by the terms of a Lease, (ii) in accordance with the powers granted or authority conferred on the Owner Trustee pursuant to this Trust Agreement, or (iii) in accordance with written instructions from Beneficiary.

ARTICLE V

CONCERNING THE OWNER TRUSTEE

SECTION 5.1 Standard of Care. The Owner Trustee accepts the trusts hereby created and agrees to perform the same but only upon the terms of this Trust Agreement. The Owner Trustee shall not be answerable or accountable to Beneficiary under any circumstances except for its own willful misconduct or gross negligence and except that, insofar as in performing its undertakings set forth in this Trust Agreement, the Owner Trustee actually receives funds and insofar as the Owner Trustee receives express written instructions from Beneficiary, it shall be held to the same degree of care and skill in handling such funds and in complying with such instructions as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 5.2 No Duties of Maintenance, Etc. Except in accordance with written instructions furnished by Beneficiary or except as otherwise provided in paragraph (a) of Section 4.7 hereof, the Owner Trustee shall have no duty with respect to the Trust (i) to see to any recording or filing of this Trust Agreement, any instrument or document described in this Trust Agreement or any security interest or lien or to see to the maintenance of any such documentation, recording or filing, (ii) to see to any insurance on the Equipment or any other part of the Trust Estate or to effect or maintain any such insurance, whether or not the Lessee shall be in default with respect to any Lease, other than to receive and hold any policies, cover notes or binders furnished to the Owner Trustee by the Lessee pursuant to the applicable Lease, (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien of any kind owing with respect to, or assessed or levied against, any part of the Trust Estate or to make or file any reports or returns related thereto, (iv) to confirm, verify or inquire into the failure of the Lessee to send any reports or financial statements of the Lessee, (v) to inspect the Equipment at any time or ascertain or inquire as to the performance or observation of the Lessee's covenants under the applicable Lease with respect to the Equipment or (vi) to approve as satisfactory to it or consent to any matter required by the terms of a Lease or of any other instrument or document executed and delivered by the Owner Trustee pursuant to Article II hereof to be satisfactory to the Owner Trustee or consented to by the Owner Trustee.

SECTION 5.3 Representations and Warranties. THE OWNER TRUSTEE MAKES (A) NO REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER RELATING TO THE CAPACITY, AGE, QUALITY, DESCRIPTION, STATE, CONDITION, DESIGN, CONSTRUCTION, USE, OPERATION OR PERFORMANCE OF THE EQUIPMENT OR THE LEASING THEREOF BY LESSOR TO LESSEE, OR AS TO THE MERCHANTABILITY OR SUITABILITY OF THE EQUIPMENT OR THE FITNESS OF THE EQUIPMENT FOR ANY

PARTICULAR PURPOSE, OR AS TO THE OWNER TRUSTEE'S TITLE THERETO (INCLUDING, WITHOUT LIMITATION, ANY LATENT AND OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AND ANY CLAIM FOR PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT) except that Owner Trustee hereby represents and warrants to Beneficiary that (i) on or before the date of acceptance of the Equipment the Owner Trustee shall have received whatever title to such Equipment as was conveyed to it under the Assignment, and (ii) such Equipment shall at all times be free of liens attributable to it in its individual capacity, and (B) no representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any of the agreements, instruments or documents described herein or as to the correctness of any statement contained in any thereof or the due creation or perfection of any lien or security interest purported to be created by any thereof, except that the Owner Trustee hereby represents and warrants to Beneficiary that this Trust Agreement and each Operative Document to be executed and delivered by the Owner Trustee has been, or will be, executed and delivered by the Owner Trustee by one of its officers who is, or at the time of execution and delivery was or will be, duly authorized to execute and deliver such documents on its behalf.

SECTION 5.4 Reliance on Writings, Use of Agents, Etc. The Owner Trustee shall not incur any liability to any person in acting upon any signature, instrument, notice, resolution, request, consent, telegram, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed or sent by the proper party or parties. The Owner Trustee may accept a certified copy of a resolution of the board of directors or other governing body of any corporate entity as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Owner Trustee may for all purposes hereof rely on an officer's certificate of the relevant party, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the performance of its duties hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it, and the Owner Trustee shall not be liable for anything done, suffered or omitted by it in good faith in accordance with the advice or opinion of any such counsel, accountants or other skilled persons and not contrary to this Trust Agreement.

SECTION 5.5 Self-Dealing. The Owner Trustee in its individual capacity or any corporation in or with which the Owner Trustee in its individual capacity or its stockholders, if any, may be interested or affiliated, or any officer or director of the Owner Trustee in its individual capacity or of any other such corporation, or any agent appointed by the Owner Trustee, may have commercial relations and otherwise deal

with Beneficiary, the Lessee or with any other corporation having relations with said parties and with any other corporation or entity, whether or not affiliated with the Owner Trustee.

ARTICLE VI

EFFECT OF SALES BY OWNER TRUSTEE

SECTION 6.1 Effect of Sales by Owner Trustee. Any sale of all or any part of the Trust Estate by the Owner Trustee or its agent shall, with respect to the Trust, bind Beneficiary and shall be effective for the benefit of the purchasers thereof and their respective successors and assigns to divest and transfer all right, title and interest of the Owner Trustee in the property so sold, and no such purchasers shall be required to inquire as to compliance by the Owner Trustee with any of the terms of this Trust Agreement or to see to the application of any consideration paid for such property.

ARTICLE VII

RESIGNATION AND REMOVAL OF OWNER TRUSTEE; APPOINTMENT OF SUCCESSORS

SECTION 7.1 Resignation; Successor Owner Trustee. The Owner Trustee or any successors thereto may, with respect to the Trust, resign at any time without cause by giving at least 30 days' prior written notice to Beneficiary, such resignation to be effective on the acceptance of appointment of a successor trustee as hereinafter provided. In addition, Beneficiary may at any time with respect to the Trust remove the Owner Trustee for cause (willful misconduct or gross negligence) by an instrument in writing delivered to the Owner Trustee, such removal to be effective upon the acceptance of appointment of a successor trustee as hereinafter provided. In the case of the resignation or removal of the Owner Trustee, Beneficiary shall appoint a successor owner trustee by an instrument signed by Beneficiary. If Beneficiary shall not have appointed a successor owner trustee within 30 days after such resignation or removal, the Owner Trustee shall continue as Owner Trustee and may apply to any court of competent jurisdiction to appoint a successor owner trustee to act until such time, if any, as a successor shall have been appointed by Beneficiary as above provided. Any successor owner trustee so appointed by such court shall immediately and without further act be superseded by any successor owner trustee thereafter appointed by Beneficiary.

A successor owner trustee hereunder shall be deemed an Owner Trustee for all purposes hereof, and each reference herein to the Owner Trustee shall thereafter be deemed to include such successor.

SECTION 7.2 Acceptance of Appointment. Any successor owner trustee, whether appointed by a court of competent jurisdiction or by Beneficiary or the Owner Trustee, shall execute and deliver to its predecessor Owner Trustee an instrument reasonably satisfactory to such predecessor Owner Trustee accepting such appointment and shall file with any appropriate governmental agencies any and all documents which may be necessary or advisable under the circumstances of such succession, and thereupon such successor owner trustee, without further act, shall with respect to the Trust become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named as an Owner Trustee herein; but nevertheless upon the written request of such successor owner trustee such predecessor Owner Trustee shall execute and deliver an instrument reasonably satisfactory to such successor owner trustee transferring to such successor owner trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee and shall duly assign, transfer, deliver and pay over to such successor owner trustee any property or monies then held by such predecessor Owner Trustee upon the trusts herein expressed, and such predecessor Owner Trustee shall file with any appropriate governmental agencies any and all documents which may be necessary or advisable under the circumstances of such succession.

SECTION 7.3 Qualification of Successor Owner Trustee. Any successor to the Owner Trustee, however appointed, shall be a bank or trust company acceptable to the Beneficiary organized under the laws of the United States or any jurisdiction thereof having a combined capital and surplus of at least $50,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Owner Trustee hereunder upon reasonable or customary terms.

SECTION 7.4 Merger of Owner Trustee. Any corporation into which the Owner Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from or surviving any merger, conversion or consolidation to which the Owner Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Owner Trustee may be transferred, shall subject to the terms of this Article VII, be the Owner Trustee under this Trust Agreement without any further act.

SECTION 7.5 Status of Successor Owner Trustee. A successor owner trustee shall have the same duties, powers and discretion conferred herein on the Owner Trustee. A successor owner trustee may accept the assets of the Trust Estate delivered to it by its predecessor Owner Trustee as constituting the entire assets of the Trust Estate and shall not be required to take any action to determine what constitutes the Trust Estate or to obtain possession of any assets thereof or to investigate any acts, omissions or misconduct of its predecessor Owner Trustee.

SECTION 7.6 Multiple Beneficiaries. If after the creation of this Trust the Beneficiary shall have made a partial assignment of its interest in the Trust in accordance with this Trust Agreement, all actions taken by Beneficiary pursuant to this Article VII shall be taken by all Beneficiaries of the Trust, including any transferee of a Beneficiary. The Owner Trustee shall not be required to take any action at the direction of a Beneficiary with respect to the Trust, unless all Beneficiaries with respect to the Trust join in such direction.

SECTION 7.7 Appointment of Co-Trustee and Separate Trustee.

(a) At any time or times for the purpose of meeting the legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Owner Trustee shall have power to appoint one or more persons to act as co-trustee of any property constituting part thereof, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section.

(b) Every separate trustee or co-trustee shall, to the extent permitted by law, be appointed on the following terms:

(1) The rights, powers, duties and obligations conferred or imposed upon any such separate trustee or co-trustee shall not be greater than those conferred or imposed upon the Owner Trustee, and such rights and powers shall be exercisable only jointly with the Owner Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such separate trustee or co-trustee subject to the provisions of subsection (b)(4) of this Section.

(2) The Owner Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any separate trustee or co-trustee appointed under this Section.

(3) No trustee or co-trustee under this Trust Agreement shall be liable by reason of any act or omission of any other trustee or co-trustee under this Trust Agreement, provided that, to the extent an individual trustee is itself so liable pursuant to the terms of this Trust Agreement, the Owner Trustee shall be answerable and accountable to Beneficiary for any acts or failures to act of any such individual trustee appointed hereunder who is an officer or employee of the Owner Trustee, but such individual trustee shall be answerable and accountable only for the acts or failures to act of the individual trustee alone.

(4) No power given to such separate trustee or co-trustee shall be separately exercised hereunder by such separate trustee or co-trustee except with the consent in writing of the Owner Trustee, anything herein contained to the contrary notwithstanding.

(c) Upon the acceptance in writing of such appointment by any such separate trustee or co-trustee, it shall be vested with the Trust Estate to which its appointment relates as specified in the instrument of appointment, subject to all the terms of this Trust Agreement.

ARTICLE VIII

(RESERVED)

ARTICLE IX

TERMINATION OF AND AMENDMENT TO TRUST

SECTION 9.1 Termination. The Trust created and provided for hereby shall cease and be terminated upon the earlier of (a) notice of Beneficiary to the Owner Trustee, provided that prior written consent has been obtained from the Lessee except that the consent of Lessee shall not be required if an Event of Default shall have occurred and be continuing under any Lease or if the Leases shall have expired or terminated in accordance with their terms or if the Owner Trustee is no longer the lessor of any of the Equipment and (b) twenty-one years less one day after the death of the survivor of the issue, living on the date the Trust was created, of John D. Rockefeller.

SECTION 9.2 Distribution of the Trust Estate Upon Termination. Upon any termination of the Trust pursuant to the provisions of Section 9.1 hereof, the Owner Trustee shall transfer title to the Trust Estate to Beneficiary without recourse or warranty of any kind, and upon making such transfer and accounting for all funds which have come into its hands, the Owner Trustee shall be discharged and free of any further liability hereunder with respect to the Trust, except such liability, not payable out of the assets of the Trust Estate, as may be shown by such accounting then to exist in accordance with the other provisions of this Trust Agreement. No later than the effective date of termination of the Trust, the Owner Trustee shall execute and deliver to Beneficiary or to any person designated in writing by Beneficiary one or more bills of sale (together with such number of additional counterparts necessary for recording) and other written instrument or instruments (including, without limitation, any such instrument or instruments as may under the circumstances be appropriate for filing with any appropriate governmental agencies), all without recourse or warranty of any kind, but otherwise in form and content reasonably requested by Beneficiary prior to such termination, evidencing the transfer of title to the Trust Estate to Beneficiary or to any such person.

SECTION 9.3 Supplements and Amendments to this Trust Agreement and Other Documents. At any time and from time to time (i) the Owner Trustee, together with Beneficiary, may execute and deliver an amendment or a supplement to this Trust Agreement and (ii) upon the written request of Beneficiary, the Owner Trustee shall enter into such written amendment or a supplement to any of the other documents referred to herein as the parties thereto may agree to (to the extent such agreement is required) and as may be specified in such request, or execute and deliver such written waiver or modification of the terms of any such other document as may be specified in such request; provided, however, that no provision of this Trust Agreement inuring to the benefit of the Lessee shall be amended without the prior written consent of the Lessee as long as the Owner Trustee is Lessor with respect to some or all of the Equipment.

If the Owner Trustee reasonably believes that any document required to be executed pursuant to the terms of this Section increases the duties or liabilities of, or adversely affects any right, immunity or indemnity in favor of, the Owner Trustee under this Trust Agreement, the Owner Trustee may decline to execute such document until provision shall have been made with respect thereto which is reasonably satisfactory to the Owner Trustee.

ARTICLE X

COMPENSATION, COSTS AND EXPENSES OF OWNER TRUSTEE

SECTION 10.1 Compensation, Costs and Expenses of Owner Trustee. The Owner Trustee shall receive from Beneficiary as compensation for its service hereunder such fees as may heretofore and from time to time hereafter be agreed upon by the Owner Trustee and Beneficiary and, subject to the terms hereof, shall be reimbursed by Beneficiary for its costs and expenses hereunder (including reasonable counsel fees), which compensation and reimbursement shall not be limited by any provision of law with respect to the trustee of any express trust.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 Entire Agreement. This Trust Agreement embodies the entire agreement and understanding between Beneficiary and the Owner Trustee relating to the subject matter hereof and of the Trust created pursuant hereto and upon execution and delivery of this Trust Agreement will supersede and restate all prior agreements and understandings relating to the Trust created thereby.

SECTION 11.2 Notices. All communications, notices, consents and waivers provided for herein or given in connection herewith shall be in writing, shall be sent by registered or certified mail, postage prepaid, shall become effective when received

and shall be addressed as follows: (i) if to the Owner Trustee, at 79 South Main Street, Salt Lake City, Utah 84111, Attention: Corporate Trust Department, (ii) if to Beneficiary, at 27 Waterview Drive, Shelton, Connecticut 06484-4361, Attention: General Counsel; if to the Lessee, at Alabama Power Corporation, 600 North 18th Street, Birmingham, Alabama, 35203, Attention: Mr. Randy DeRieux, Assistant Treasurer, or to such other address as one of the foregoing, or its successors or, in the case of Beneficiary, assigns, may from time to time designate by notice duly given in accordance with this Section to each other of the foregoing. The Owner Trustee shall furnish to Beneficiary, promptly after receipt thereof, a copy of all communications, notices, consents and waivers which are received by the Owner Trustee in its capacity as trustee hereunder.

SECTION 11.3 Situs of Trust; Governing Law. This Trust Agreement has been, and the Trust created hereby is to be, accepted by the Owner Trustee and will be located and administered in the State of Utah, and the validity and construction of, and all rights under, this Trust Agreement and the Trust created hereby shall be governed by the laws of the State of Utah.

SECTION 11.4 Non-Separation of Monies. All monies received by the Owner Trustee under or pursuant to any provisions of this Trust Agreement shall constitute trust funds for the purpose for which they were paid or are held, but need not be segregated in any manner from any other monies except to the extent required by law and may be deposited by the Owner Trustee under such conditions as may be prescribed or permitted by law for trust funds, and the Owner Trustee shall not be liable for any interest thereon.

SECTION 11.5 Benefit of Parties; Successors and Assigns. This instrument shall be binding upon, and shall inure solely to the benefit of the parties hereto and their respective successors and assigns, and, with respect to Sections 7.1, 7.3, 9.1, 9.3, and 11.5 and to the extent otherwise specifically set forth herein, to the benefit of the Lessee, but only so long as the Owner Trustee is Lessor with respect to some or all of the Equipment.

SECTION 11.6 Survival of Representations and Warranties. All representations and warranties contained herein shall survive the termination of this Trust Agreement and of the Trust.

SECTION 11.7 Severability of Invalid Provisions. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction as to the Trust shall, as to the Trust and 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. To the extent permitted by applicable law, the parties hereto hereby waive with respect to the Trust

any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

SECTION 11.8 Effect of Waiver. Waiver of the breach of any provision hereunder shall not be deemed a waiver of any prior or subsequent breach of the same or any other provision hereof.

SECTION 11.9 Remedies Not Exclusive. Pursuit of any remedy with respect to the Trust shall not be deemed the waiver of any other remedy hereunder or at law or in equity.

SECTION 11.10 References to Agreements and Instruments. Except as otherwise indicated, all the agreements and instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with the terms hereof and thereof.

SECTION 11.11 Headings and Table of Contents. The division of this Trust Agreement into articles and sections, the provision of a table of contents and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Trust Agreement.

SECTION 11.12 Construction of References. Unless the context otherwise requires, all references in this instrument to designated Articles, Sections and other subdivisions are to designated Articles, Sections and other subdivisions of this instrument, and the words herein, hereof and hereunder and other words of similar import refer to this instrument as a whole and not to any particular Article, Section or other subdivision.

SECTION 11.13 Counterpart Execution and Dating. This Trust Agreement and any amendment or supplement to this Trust Agreement may be executed in any number of counterparts and by the different parties hereto and thereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed sets of counterparts shall be delivered to, and retained by, the parties hereto.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the Owner Trustee and Beneficiary have each caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized, all as of the date first set forth above.

PITNEY BOWES CREDIT CORPORATION

By:_____

Name:_____

Title:_____

FIRST SECURITY BANK,
NATIONAL ASSOCIATION

By:_____

Name:_____

Title:_____

EXHIBIT D TO
EQUIPMENT LEASING AGREEMENT

FORM OF OPINION OF LESSOR'S
SPECIAL SURFACE TRANSPORTATION BOARD COUNSEL

____, 1999

First Security Bank, National Association
79 Main Street
Salt Lake City, Utah 84111

Alabama Power Company
[address]

Pitney Bowes Credit Corporation
27 Waterview Drive
Shelton, Connecticut 06484

Ladies and Gentlemen:

Reference is made to the Equipment Leasing Agreement, dated as of _____ (the "Equipment Lease"), the Lease Supplement, dated _____ (the "Lease Supplement") and the Acceptance Notice, dated _____ (the "Acceptance Notice") between First Security Bank, National Association, as Owner Trustee, Lessor, and Alabama Power Company, Lessee, all of which documents appear in the recordation files and records maintained by the Surface Transportation Board (the "Board"), pursuant to the provisions of 49 U.S.C. Section 11301(b) and the regulations thereunder (the "Recordation Files").

Pursuant to your request, we examined the Recordation Files with respect to _____ railcars bearing JHMX reporting marks and road numbers set forth on Schedule 1 attached hereto (the "Railroad Equipment"). Such examination consisted of a review of railroad rolling stock covered by primary and secondary documents (as defined in 49 C.F.R. Section 1177.1) indexed in the Board's Recordation Register under the names of Alabama Power Company, First Security Bank, National Association, Trinity Industries, Inc., and such recorded documents as we deemed necessary and appropriate in connection with this letter.

Based upon such examination and review of the Recordation Files, which were completed today at _____, it is our opinion that:

1. The Equipment Lease, Lease Supplement and Acceptance Notice were duly filed and recorded with the Board pursuant to, and in compliance with, the provisions of 49 U.S.C. Section 11301(a) and the regulations thereunder (the "Recordation Provisions") on _____ at _____ and were assigned Recordation Numbers _____, _____-A, and _____-B, respectively.

2. Other than the Equipment Lease, Lease Supplement and Acceptance Notice, no document evidencing a lien and encumbrance on, or security interest in, the Railroad Equipment appears in the Recordation Files.

3. The filing and recordation of the Equipment Lease, Lease Supplement and Acceptance Notice perfect a valid and first priority security interest in the Railroad Equipment. Any document purporting to create a lien or encumbrance on, or security interest in, the Railroad Equipment which is not on file with the Board will be subordinate to the aforesaid Equipment Lease, Lease Supplement and Acceptance Notice.

4. Under the provisions of 49 U.S.C. Section 11301(a), the filing and recordation of the Equipment Lease, Lease Supplement and Acceptance Notice, as set forth in paragraph 1 above, constitute notice to, and said documents are enforceable against, all persons; and no other filing, depositing, registering or recordation under any law of the United States, a State (or its political subdivisions) or territory or possession of the United States is necessary to protect the interests of the parties to the foregoing documents in the Railroad Equipment; and no re-recording, re-filing or re-registering of either of the foregoing documents with the Board is necessary to continue such notice and enforceability under present law and regulations.

Very truly yours,

ALVORD AND ALVORD

By _____
Robert W. Alvord

EXHIBIT E TO
EQUIPMENT LEASING AGREEMENT

FORM OF LESSEE'S COUNSEL'S OPINION

June 4, 1999

First Security Bank, National Association,
not in its individual capacity but
solely as Owner Trustee, as the Lessor

Re: Equipment Leasing Agreement between Alabama Power Company and First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee, as the Lessor

Gentlemen:

We have acted as counsel to Alabama Power Company, an Alabama corporation (the "Company"), in connection with that certain Equipment Leasing Agreement dated as of June 4, 1999 (the "Lease") between the Company and First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee, as Lessor ("Lessor"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Lease.

Scope of Examination; General Bases and Selected Assumptions

In connection with our representation of the Company and in order to render this opinion, we have reviewed the Lease and Lease Supplement No. 1 dated as of June 4, 1999 between the Company and Lessor (the "Lease Supplement") and such other instruments, documents, certificates, resolutions and agreements as we have deemed necessary or appropriate in the circumstances for the purpose of rendering this opinion.

For the purpose of rendering this opinion, we have assumed, without investigation, (a) the genuineness of all documents, instruments and certificates and the signatures thereon not signed in our presence; (b) the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies; and (c) that all certificates of governmental officials and officers of the Company are true and correct as to factual matters on the date hereof.

Legal Opinions

Based upon the foregoing, and subject to the assumptions and qualifications set forth herein, we are of the opinion that:

1. The Company is duly incorporated, validly existing and in good standing under the laws of the State of Alabama, and the Company has all requisite corporate power and authority to execute, deliver and perform the Lease and the Lease Supplement and has taken all proper and necessary corporate action to authorize the execution, delivery and performance of the Lease and the Lease Supplement.

2. The Lease and the Lease Supplement have been duly and validly executed and delivered by the Company.

3. The Company's execution, delivery and performance of the Lease and the Lease Supplement do not violate the Company's articles of incorporation and bylaws or applicable provisions of statutory law or regulation of the State of Alabama or the United States. No consent or approval from or filing or registration with the United States or the State of Alabama (or any department, board or agency thereof) is legally required to be obtained or made by the Company (other than any of the same which have been obtained or made) for the Company's (a) execution and delivery of the Lease and the Lease Supplement, (b) leasing of Equipment, and (c) payment of rent under the Lease.

Additional Assumptions, Qualifications, Limitations and Exceptions

This opinion letter is governed by and shall be interpreted in accordance with the Legal Opinion Accord of the American Bar Association Section of Business Law (1991) and also is subject to the qualifications, General Qualifications, limitations and exceptions set forth and more particularly described therein. The opinions expressed herein are limited to the laws of the United States and the State of Alabama. We express no opinions regarding, and our opinions expressed herein are subject to any and all state and federal securities laws, rules and regulations. This opinion may be relied upon by Pitney Bowes Credit Corporation, its counsel, the Indenture Trustee and the Holders under the Indenture and their respective successors and permitted assigns in connection with the transactions contemplated by the Lease. This opinion may not be relied upon for any other purpose, or quoted from or otherwise referred to in any document or report and may not be furnished to or relied upon by any other person or entity or in any other opinion of any other persons, for any purpose, without our prior written consent except that, with respect to the parties that may rely on this opinion as indicated above, they may furnish a copy hereof without such consent (i) to their independent auditors and attorneys, (ii) to any state or federal authority or independent insurance board or body having regulatory jurisdiction over them, (iii) pursuant to order or legal process of any court or governmental agency and (iv) in connection with any legal action to which any of them is a party arising out of or in respect of the Lease or the Lease Supplement. The opinions expressed herein are limited to the matters stated herein and no opinion may be implied or inferred beyond the matters expressly stated herein and are as of the date hereof. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances which may hereafter come to our attention or any changes in the facts, circumstances or law which may hereafter occur.

Sincerely,

Balch & Bingham LLP

EXHIBIT F TO
EQUIPMENT LEASING AGREEMENT

FUNDING NOTICE

First Security Bank, National Association,
not in its individual capacity but solely as
Owner Trustee, as the Lessor
79 South Main Street
Salt Lake City, Utah 84151
Attention: _____

Re: Lease Supplement No. _____

Gentlemen and Ladies:

Reference is made to the Equipment Leasing Agreement dated as of June 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Lease") between First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee, as the Lessor, and Alabama Power Company, as the Lessee. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

The undersigned hereby gives notice to the Lessor pursuant to Section 4(b) of the Lease of its request for the Funding of the Equipment Cost of all Items of Equipment to be covered by Lease Supplement No. ___. In connection with the Funding, the Lessee sets forth the following information:

(i) Date of Funding:

(ii) Equipment Cost to be funded:

(iii) Items of Equipment to be funded by the Lessor on the Funding Date: As set forth on Annex I hereto.

(iv) Invoices or bills of sale for Items of Equipment described in clause (iii) above are attached hereto as Annex II.

Very truly yours,

ALABAMA POWER COMPANY,
as the Lessee
By: _____
Name: _____
Title: _____