ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

19144-A,B,C

DEC 2 1994

December 29, 1994

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) copies each of the following documents, all dated as of December 29, 1994: an Equipment Lease Agreement, a primary document, and Lease Supplements No. 1 and No. 2 and a Bill of Sale, being secondary documents related to the aforesaid primary document.

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

Equipment Lease Agreement
Lease Supplement No. 1
and Lease Supplement No. 2

Lessor: Norlease, Inc.
50 South LaSalle Street
Chicago, Illinois 60675

Lessee: Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604

Bill of Sale

Seller: Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604

Buyer: Norlease, Inc.
50 South LaSalle Street
Chicago, Illinois 60675

A description of the railroad equipment covered by the enclosed documents is attached as Schedule I to Supplement No. 1 and Supplement No. 2.

Also enclosed is a check in the amount of $84.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of each of the enclosed documents to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

Washington, D.C. 20423

OFFICE OF THE SECRETARY

12/29/94

Robert W. Alvord
Alvord And Alvord
918 Sixteenth St., NW., Ste. 200
Washington, DC. 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/29/94 at 3:30PM , and assigned recordation number(s). 19144, 19144-A, 19144-B and 19144-C.

Sincerely yours,

Vernon A. Williams

Vernon A. Williams
Secretary

Enclosure(s)

$ 84.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature Janice M. Lott

19144

DEC 2 3 1994

==========

EQUIPMENT LEASE AGREEMENT

Dated as of December 29, 1994

Between

NORLEASE, INC.,
Lessor

and

UNION TANK CAR COMPANY,
Lessee

==========

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on December __, 1994, at __:__ _.M., Eastern Standard Time, Recordation Number _____, and deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada on December __, 1994 at __:__ _.M., Eastern Standard Time.

TABLE OF CONTENTS

		Page
SECTION 1.	DEFINITIONS; INTERPRETATION OF THIS LEASE . .	1
SECTION 2.	SALE AND PURCHASE; CLOSING; TRANSACTION COSTS	1
SECTION 3.	TERM AND RENT	2
SECTION 4.	NET LEASE	3
SECTION 5.	DISCLAIMER OF WARRANTIES	4
SECTION 6.	ACCEPTANCE; INSPECTION	5
SECTION 7.	TITLE; IDENTIFICATION; PERSONAL PROPERTY . . .	5
SECTION 8.	COMPLIANCE WITH LAWS; TAXES AND FEES	7
SECTION 9.	MAINTENANCE AND REPAIR	7
. . . . .		8
SECTION 10.	RECORDS; INSPECTION	8
SECTION 11.	USE OF EQUIPMENT	8
SECTION 12.	SUBLEASE AND POSSESSION	8
SECTION 13.	ALTERATIONS AND MODIFICATIONS	9
. . . . .		10
SECTION 14.	LOSS; DAMAGE	10
SECTION 15.	INSURANCE	11
SECTION 16.	PURCHASE OPTION	13
SECTION 17.	RENEWAL OF LEASE TERM	13
SECTION 18.	DETERMINATION OF FAIR MARKET VALUE AND FAIR RENTAL VALUE	14
SECTION 19.	RETURN OF EQUIPMENT	14
SECTION 20.	LESSOR'S PAYMENT; INTEREST	18

SECTION 21. FURTHER ASSURANCES 18
SECTION 22. DEFAULT 18
SECTION 23. ASSIGNMENT 22
SECTION 24. REPRESENTATIONS AND WARRANTIES 22
SECTION 25. CLOSING CONDITIONS 30
SECTION 26. LESSEE'S INDEMNITIES 34
SECTION 27. MISCELLANEOUS 47
SECTION 28. ADDITIONAL PROVISIONS 49
SECTION 29. REPORTING MARKS FOLLOWING RETURN 50
SECTION 30. REPORTS AND OTHER INFORMATION 50
SECTION 31. LESSEE'S RIGHT OF QUIET ENJOYMENT 51

EXHIBIT

EXHIBIT A FORM OF LEASE SUPPLEMENT

EQUIPMENT LEASE AGREEMENT

This EQUIPMENT LEASE AGREEMENT dated as of December 29, 1994 (as supplemented in accordance with the terms hereof, this "Lease"), between NORLEASE, INC., a Delaware corporation (together with its successors and permitted assigns, the "Lessor"), and UNION TANK CAR COMPANY, a Delaware corporation (together with its successors and permitted assigns, the "Lessee").

SECTION 1. DEFINITIONS; INTERPRETATION OF THIS LEASE.

a. Definitions. Unless the context otherwise requires, all capitalized terms used herein without definition shall have the respective meanings set forth in Appendix A hereto for all purposes of this Lease.

b. Directly or Indirectly. Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

SECTION 2. SALE AND PURCHASE; CLOSING; TRANSACTION COSTS.

a. Sale and Purchase. Subject to the terms and conditions of this Lease and of the Asset Purchase Agreement and on the basis of the representations and warranties set forth herein and therein, the Lessee agrees to sell to the Lessor and the Lessor agrees to purchase from the Lessee, the Units described in Exhibit A to the Asset Purchase Agreement, and in connection therewith, the Lessor agrees to pay to the Lessee the purchase price for each such Unit as specified in Section 1.03 of the Asset Purchase Agreement. The Lessee shall deliver the Equipment to the Lessor and the Lessor shall accept such delivery and lease the Equipment to the Lessee on the Closing Date in accordance with the terms and conditions set forth in the Asset Purchase Agreement and in this Lease.

b. Leasing of Equipment. Subject to the terms and conditions set forth below, simultaneously with the delivery of a Bill of Sale with respect to each Unit from the Lessee to the Lessor, Lessor hereby leases to Lessee and Lessee takes and hires from Lessor each such Unit hereunder and all the parts and components thereof, and other personal property described in (a) the Lease Supplements attached hereto, and (b) any Lease Supplement in substantially similar form hereafter executed and delivered from time to time by the parties hereto. The Lessee hereby agrees that such execution and delivery of such Lease Supplements by the Lessee shall, without further act, irrevocably constitute acceptance by the Lessee of such Unit for all purposes of this Lease. All risk of loss of a Unit will be borne by the Lessee as provided in this Lease upon the acceptance of such Unit hereunder.

c. Closing. The closing of the transactions contemplated hereby (the "Closing") shall take place beginning at 10:00 a.m., Chicago time, on the Closing Date at the offices of Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois or at such other place or time as the parties hereto shall agree.

d. Transaction Costs. Concurrently with the Closing on the Closing Date (or, in the event that an invoice or invoices therefor have not been then presented, promptly upon such presentment), the Lessee shall pay all costs and fees in connection with the initial filing and recording of this Lease and any other document required to be filed or recorded pursuant to the provisions of this Lease or of any other Operative Agreement (the "Transaction Costs").

e. Post-Closing Filing and Recording Expenses. Upon the consummation of the transactions contemplated by this Lease without limiting the other provisions of this Lease or the other Operative Agreements, the Lessee agrees to pay when due, on an After-Tax Basis, the actual administrative fees and expenses incurred by the Lessor, subsequent to the delivery of the Equipment on the Closing Date, in connection with the filing or recording of any supplements, amendments, modifications or alterations of any of the Operative Agreements.

SECTION 3. TERM AND RENT.

a. Term. The basic term of this Lease (the "Basic Term") applicable to such Unit shall commence on the Basic Term Commencement Date and shall expire at 11:59 P.M. (Chicago time) on the Basic Term Expiration Date. Subject and pursuant to Section 17, the Lessee may elect one or more Renewal Terms.

b. Basic Rent. Lessee agrees to pay Basic Rent for any and every Unit described in a Lease Supplement in the amounts and at the times set forth in such Lease Supplement.

c. Supplemental Rent. The Lessee also agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent, promptly as the same shall become due and owing, or where no due date is specified, promptly after demand by the Person entitled thereto, and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. In the event any Basic Rent or other payment hereunder shall not be made promptly when due, Lessee shall pay Lessor, as Supplemental Rent hereunder, interest on such overdue payment from the due date of such payment to the date of payment thereof at a rate per annum (the "Late Rate") equal to the lesser of (i) the rate of interest announced from time to time by the Northern Trust Company as its "prime" rate of interest or (ii) the maximum rate permitted by law.

d. Manner of Payments. All Rent (other than Supplemental Rent payable to Persons other than the Lessor, which shall be payable to such other Persons in accordance with written instructions furnished to the Lessee by such Persons, unless otherwise provided in any of the Operative Agreements or required by law) shall be paid by the Lessee to the Lessor by wire transfer to the account of Lessor at The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois 60675, ABA No. 071-000-152, Attention: Norlease, Inc., Account No. 159816, Reference Union Tank Car Company Lease Financing, or as otherwise directed by the Lessor to the Lessee in writing. All Rent shall be paid by the Lessee in funds consisting of lawful currency of the United States of America, which shall be immediately available to the recipient not later than 11:00 a.m. (Chicago time) on the date of such payment.

SECTION 4. NET LEASE. This Lease is a net lease and the Rent and other amounts due hereunder from Lessee to Lessor are absolute and unconditional and shall not be subject to any defense, claim, reduction, set-off, abatement, recoupment, or adjustment for any reason whatsoever, including, without limitation, (i) any set-off, abatement, counterclaim, suspension, recoupment, reduction, rescission, defense or other right that the Lessee may have against the Lessor, any vendor or manufacturer of any Unit, or any other Person for any reason whatsoever, (ii) any defect in or failure of title, merchantability, condition, design, compliance with specifications, operation or fitness for use of all or any part of any Unit, (iii) any damage to, or removal, abandonment, requisition, taking, condemnation, loss, theft or destruction of all or any part of any Unit or any interference, interruption, restriction, curtailment or cessation in the use or possession of any Unit by the Lessee or any other Person for any reason whatsoever or of whatever duration, (iv) to the maximum extent permitted by law, any insolvency, bankruptcy, reorganization or similar proceeding by or against the Lessee, the Lessor or any other Person, (v) the invalidity, illegality or unenforceability of this Lease, any other Operative Agreement, or any other agreement, document or instrument referred to herein or therein or any other infirmity herein or therein or any lack of right, power or authority or authorization of the Lessee, the Lessor or any other Person to enter into this Lease or any other Operative Agreement or to perform the obligations hereunder or thereunder or consummate the transactions contemplated hereby or thereby or any doctrine of force majeure, impossibility, frustration or failure of consideration, (vi) the breach or failure of any warranty or representation made in this Lease or any other Operative Agreement by the Lessee, the Lessor or any other Person, or (vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, any present or future law notwithstanding, it being the intention of the parties hereto that all Rent being payable by the Lessee shall continue to be payable in all events in the manner and at the times provided herein. To the maximum extent

permitted by law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease with respect to any Unit, except in accordance with the express terms of this Lease. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees to pay to the Lessor and to any other Person entitled thereto, amounts equal to each installment of Basic Rent and all Supplemental Rent due and owing at the time such payment would have become due and payable in accordance with the terms of this Lease had this Lease not been terminated in whole or in part. The obligations of the Lessee in the immediately preceding sentence shall survive the expiration or termination of this Lease. Each payment of Rent made by the Lessee hereunder shall be final and the Lessee shall not seek or have any right to recover all or any part of such payment from the Lessor or any Person for any reason whatsoever.

SECTION 5. DISCLAIMER OF WARRANTIES. Lessee agrees that it has selected each Unit and the supplier thereof based upon its own judgment and disclaims any reliance upon any statements or representations made by Lessor. THE LESSEE ACKNOWLEDGES AND AGREES THAT, (i) EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURER SELECTED BY AND ACCEPTABLE TO THE LESSEE, AND THAT THE LESSEE HAS EXAMINED AND APPROVED ALL SUPPLY CONTRACTS RELATING TO ANY UNIT, (ii) THE LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (iii) THE LESSOR IS NOT A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, (iv) EACH UNIT IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED, AND (v) THE LESSOR LEASES AND THE LESSEE TAKES EACH UNIT "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", IN WHATEVER CONDITION IT MAY BE. THE LESSEE FURTHER ACKNOWLEDGES THAT THE LESSOR DOES NOT MAKE NOR SHALL BE DEEMED TO HAVE MADE, AND THE LESSOR EXPRESSLY DISCLAIMS, ANY AND ALL CLAIMS, WARRANTIES OR REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, MERCHANTABILITY, OR TITLE, OF ANY UNIT OF THE EQUIPMENT, THE QUALITY OF THE MATERIAL THEREIN OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER WITH RESPECT THERETO. LESSOR SPECIFICALLY DISCLAIMS ANY LIABILITY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING OUT OF USE OF THE EQUIPMENT. LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE EQUIPMENT IS IN COMPLIANCE WITH ANY APPLICABLE GOVERNMENTAL REQUIREMENTS OR REGULATIONS. Lessee agrees to make the Rent and other payments required hereunder without regard to the condition of the Equipment or any part thereof and to look only to the

Permitted Liens, without Lessor's express prior written consent. The Lessee shall promptly, at its own expense, take such action or cause such action to be taken as may be necessary to duly discharge (by bonding or otherwise) any such Lien, other than Permitted Liens, and shall give the Lessor prompt written notice thereof, if the same shall arise at any time.

b. Identification. Lessee will cause each Unit of Equipment to be kept marked with the reporting mark and car number as described in the applicable Lease Supplement and will keep and maintain, plainly, distinctly, permanently and conspicuously marked, plate or stencil printed in contrasting color upon each side of each Unit in letters not less than one inch in height as follows:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION"

or other appropriate words designated by Lessor from time to time and with appropriate changes thereof and additions thereto as from time to time may be required by or appropriate under Applicable Law in order to protect the ownership and security interest of Lessor in the Equipment and its rights with respect thereto. Lessee shall not place any Unit in operation or exercise any control or dominion over any Unit Equipment unless and until such marking have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. Lessee will cause the Equipment consisting of rail cars to be kept numbered with the respective serial, running and other identifying numbers set forth in the applicable Lease Supplement (and Lessee agrees to place such numbers on each Lease Supplement), and shall not change or authorize to be changed the reporting mark or any of such numbers without the written consent of the Lessor (which consent shall not be unreasonably withheld). Except as provided herein, Lessee will not allow the name of any Person to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by Lessee or permitted sublessees or their respective Affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of Lessee to use the Equipment under this Lease.

c. Personal Property. Lessor and Lessee hereby confirm their intent that the Equipment shall always remain and be deemed personal property and Lessee shall not allow any portion of the Equipment to become attached or affixed to realty. Lessee shall, at its own cost and expense, protect and defend Lessor's title to the Equipment and agrees to take any such action at Lessee's expense as may be necessary to prevent any third party from

acquiring any interest in the Equipment as a result of its attachment to realty.

SECTION 8. COMPLIANCE WITH LAWS; TAXES AND FEES. Lessee shall comply with all Applicable Laws relating to the Equipment, and shall promptly pay when due all license fees, assessments, registration fees, and sales, use, property, excise, and other taxes now or hereafter imposed by any government body or agency upon the Equipment or the use, ownership, leasing, sale or possession thereof or the Rent payable hereunder (excluding, however, any taxes on or measured solely by Lessor's net income), and shall, upon request of Lessor, provide evidence of such payment to Lessor.

SECTION 9. MAINTENANCE AND REPAIR. Lessee, at its sole cost and expense, shall maintain, repair and keep each Unit, and shall operate each Unit, (i) in the same good operating order, condition and repair as when originally accepted by the Lessee hereunder, ordinary wear and tear excepted; provided, that from and after completion of refurbishment and conversion of any Unit pursuant to the Refurbishment Agreement, such Unit shall be maintained in such good operating order, condition and repair as when redelivered following such refurbishment, ordinary wear and tear excepted; (ii) at a level of maintenance which is, at a minimum, comparable to maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in type to such Unit and (iii) in accordance with prudent industry practice, manufacturer's recommended maintenance procedures, and insurance policies required to be maintained pursuant to Section 15 hereof, and (iv) in compliance in all material respects with all Applicable Laws, rules and regulations (for equipment being utilized "in service"), including the rules and regulations of the DOT, the ICC and the Federal Railroad Administration and the Interchange Rules; (v) in a manner suitable for service on a railroad for "Class A" merchandise service (as defined in applicable federal regulations), and Lessee shall furnish all labor, parts, mechanisms, devices and supplies required therefor. Without limiting the foregoing, the Lessee shall at its expense repair the Equipment if any of the Equipment is damaged due to carrying of corrosive or abrasive materials, spilling of damaging materials, or the carrying of any material or performance of any act which damages any Equipment or portion thereof. All such parts, mechanisms and devices shall immediately become the property of the Lessor and part of the Equipment for all purposes hereof. In no event shall the Lessee treat the Equipment in a manner less favorable, as to the use or maintenance of any Unit (including the periodicity of maintenance or record keeping in respect of such Unit), than equipment of a similar nature which the Lessee owns or leases. Lessor shall not be responsible for any repairs or service to the Equipment or defects in the Equipment or its operation.

SECTION 10. RECORDS; INSPECTION. The Lessee will maintain all records, logs and other materials required by relevant industry standards and by any Governmental Authority having jurisdiction over the Units, all as if the Lessee were the owner of such Units, regardless of whether any such requirements, by their terms, are nominally imposed on the Lessee or the Lessor. Without limitation of the foregoing, Lessee agrees to maintain accurate and complete records of all repairs and maintenance to the Equipment in accordance with Lessee's customary practices. The Lessee shall allow Lessor to inspect all such records, logs and other materials and, at Lessor's sole risk, any of the Equipment (and, in the case of a sublease of all or any portion of the Units, Lessee shall use its reasonable best efforts to cause each sublessee to allow Lessor to inspect the Equipment and all such records, logs and other materials as are maintained by such sublessee); provided, that so long as no Event of Default shall have occurred and be continuing, such inspections shall be conducted during business hours of Lessee or the applicable sublessee and shall be subject to Lessee's or the applicable sublessee's standard security and safety rules and procedures and shall not interfere with the use, operation or maintenance of the Equipment.

SECTION 11. USE OF EQUIPMENT. The Equipment shall at all times be used solely for commercial or business purposes, and be operated in compliance with all Applicable Laws and other requirements of any insurer or Governmental Authority, including without limitation, the Interchange Rules and all rules and regulations of the DOT, the Federal Railroad Administration and the ICC and in accordance with all applicable manufacturer's manuals or instructions and in accordance with requirements pursuant to any warranties and insurance policies covering the Equipment by competent and duly qualified personnel only. The Equipment may be used by the Lessee or any sublessee under a Permitted Sublease within the Continental limits of the United States of America and Canada (subject to Section 26(c)(iv)), or temporarily or incidentally in Mexico, only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. At no time during the Lease Term shall more than 10% of the Units be used or located in Mexico at the same time. In no event shall the Lessee or any other Person make use of any Equipment in any jurisdiction not included in the insurance coverage required by Section 15 or in places or locations with respect to which the Lessee has not made the filings and recordations and taken any other actions required by Section 21.

SECTION 12. SUBLEASE AND POSSESSION. So long as no Event of Default has occurred and is continuing, the Lessee, without the consent of the Lessor, shall be entitled to enter into subleases complying with the requirements of this Section 12 (each a "Permitted Sublease") of the Equipment pursuant to which it subleases the Equipment to responsible companies for use in their business; provided that, except with the Lessor's prior written

consent, on the effective date of any such sublease, such sublessee is not subject to any bankruptcy, insolvency or similar proceedings. All subleases, including, without limitation, any entered into on or prior to the Basic Term Commencement Date, and the rights and interests of any sublessee thereunder, shall in all events be subject and subordinate to this Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder and shall confirm such subordination by a provision therein satisfactory to the Lessor, and shall not result, and shall not include, any term or provision which could reasonably be expected to result, in any unindemnified adverse consequences to the Lessor. In addition, (i) each such sublease shall by its terms prohibit, without the prior written consent of the Lessor, further subleasing to Persons other than to (A) the sublessee's Affiliates or (B) the sublessee's consignees or suppliers in connection with the handling of commodities sold, bought or supplied for the account of the sublessee and transported therein, (ii) each such sublease shall extend for a period which does not exceed the remainder of the Basic Term unless the Lessee shall have given notice pursuant to Section 17 of its election to renew this Lease with respect to any Units, in which event no such sublease entered into after the delivery of such notice shall extend for a period which exceeds the elected Renewal Term, (iii) any sublease for which the Lessee is not required to provide car maintenance services shall impose upon the sublessee thereof obligations in respect of possession, maintenance, repair, use, operation, insurance, removal of Liens, redelivery and remedies which are substantially similar to the corresponding obligations of the Lessee hereunder and (iv) no such sublease entered into on or after the Basic Term Commencement Date shall contain provisions that would conflict with the terms of this Lease. No sublease entered into by the Lessee on or after the date hereof shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety, nor shall any sublease entered into by the Lessee on or after the date hereof constitute a discharge of any of the Lessee's obligations hereunder or a waiver of any of the Lessor's rights or remedies hereunder. Nothing in this Section 12 shall be deemed to constitute permission to any Person in possession of any Unit pursuant to any such sublease to take any action inconsistent with the terms and provisions of this Lease or any of the other Operative Agreements. The rights of any Person that acquires possession of any Unit shall be subject and subordinate to this Lease and the rights of the Lessor hereunder.

SECTION 13. ALTERATIONS AND MODIFICATIONS.

a. Lessee shall, in accordance with the terms of the Refurbishment Agreement and the Escrow Agreement, cause to be made the refurbishment and conversion of each Unit as and when the same shall be required in such agreements. Title to each alteration,

replacement, improvement or modification made pursuant to the Refurbishment Agreement shall immediately vest in the Lessor, subject to the payment provisions therefor set forth in the Escrow Agreement.

b. Lessee shall, at its sole cost and expense, promptly make or cause to be made each alteration, replacement, improvement or modification (a "Required Modification") to any Unit required by Applicable Law or by any other requirement of the Association of American Railroads, the DOT, or any other United States or Canadian federal or local Governmental Authority. Title to any Required Modification shall immediately vest in the Lessor.

c. The Lessee at any time may modify, alter or improve any Unit (an "Optional Modification"); provided that no Optional Modification shall (i) diminish the fair market value, residual value, utility, or remaining economic useful life of such Unit below the fair market value, residual value, utility, or remaining economic useful life thereof immediately prior to such Optional Modification, assuming such Unit was then in at least the condition required to be maintained by the terms of this Lease or (ii) cause such Unit to become Limited Use Property. Title to any Non-Severable Modification shall be immediately vested in the Lessor. Title to any Severable Modification which is not a Required Modification shall remain with the Lessee. During the Lease Term, the Lessee may remove and may replace any Severable Modification which is not a Required Modification, provided the Lessee is otherwise in compliance with this Lease; provided further, that at the end of the Lease Term with respect to any Unit (i) the Lessee shall not remove any Severable Optional Modification prior to the return of such Unit hereunder unless and until (A) not less than 180 days prior to the expiration or termination of the Lease Term with respect to such Unit, the Lessee shall give written notice to the Lessor pursuant to which the Lessee shall offer to sell to the Lessor such Severable Optional Modification at the end of the Lease Term for its then Fair Market Value (which offer shall include a reasonably detailed description of such Severable Optional Modification) and (B) the Lessor shall have rejected the Lessee's offer (provided that the Lessee's offer to sell any such Severable Optional Modification shall be deemed rejected in the event that the Lessor fails to respond to any such offer within ninety (90) days of any written notice thereof). If the Lessor does not elect to purchase such Severable Optional Modifications in accordance with the terms of this Section 13(c), the Lessee may remove, and shall remove if requested by the Lessor, such Severable Optional Modifications at the Lessee's cost and expense. Any Severable Optional Modification not so removed shall become the property of Lessor.

SECTION 14. LOSS; DAMAGE.

a. Except as otherwise provided in Section 1.06 of the Asset Purchase Agreement with respect to certain Casualty Occurrences prior to the Closing Date, in the event that any Unit leased hereunder shall, on or before the Closing Date or at any time during the Lease Term, (i) suffer damage or destruction resulting in an insurance settlement on the basis of an actual, constructive or compromised total loss; (ii) suffer loss of use for 60 days (or, if shorter, the end of the Basic Term or any Renewal Term then in effect) due to destruction or damage beyond repair; (iii) suffer damage or contamination which, in the Lessee's reasonable judgement (as evidenced by an Officer's Certificate to such effect), makes repair uneconomic or renders such Unit unfit for commercial use; (iv) suffer theft or disappearance for a period in excess of 180 days (or, if shorter, the end of the Basic Term or any Renewal Term then in effect); (v) have title thereto taken or appropriated by any Governmental Authority under the power of eminent domain or otherwise; or (vi) be taken or requisitioned for use by any Governmental Authority or any agency or instrumentality thereof under the power of eminent domain or otherwise, and such taking or requisition is for a period that exceeds (x) 180 days (or, if shorter, the end of the Basic Term or any Renewal Term then in effect) in the case such taking or requisition is by a Governmental Authority other than the government of the United States or (y) the remaining Basic Term or any Renewal Term then in effect in the case such taking or requisition is by the government of the United States (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall inform the Lessor of such Casualty Occurrence in writing promptly after obtaining knowledge thereof.

b. On the Rent Payment Date immediately following written notice by the Lessee to the Lessor of a Casualty Occurrence with respect to any Unit, the Lessee shall pay to Lessor an amount equal to the "Casualty Value" of such Unit as determined in the manner set forth in the Lease Supplement. Upon such payment together with payment of all other sums owing on said Lease to and including such Rent Payment Date, Lessor will transfer title to the affected Unit to Lessee "AS IS," WHERE IS," and without recourse to Lessor or warranty, express or implied, except as to the absence of Lessor's Liens. Lessee assumes and shall bear the risk of loss and damage to the Equipment from every cause whatsoever, whether or not insured, including without limitation the risk of a Casualty Occurrence, and, except as otherwise provided in Section 1.06 of the Asset Purchase Agreement with respect to certain Casualty Occurrences prior to the Closing Date, no Casualty Occurrence shall impair any obligation of Lessee under this Lease which shall continue in full force and effect.

SECTION 15. INSURANCE.

a. Lessee shall obtain and maintain liability insurance on the Equipment and in connection with the operation of the

Equipment, at its own expense, in such amounts, against such risks, in such form and with such insurers as shall be reasonably satisfactory to Lessor; provided that such amounts shall not be less than the amounts certified to Lessor on the Closing Date. Each insurance policy will name Lessee as an insured and Lessor as additional insured on liability insurance, if the insurer will agree to do so, and shall contain a clause requiring the insurer to give Lessor at least thirty days's prior written notice of any material alteration in the terms of such policy or of the cancellation thereof (except that the insurer will give Lessor 10 days' prior written notice of cancellation for non-payment of premiums), if the insurer will agree to do so. At Lessor's option, Lessee shall furnish to Lessor a certificate of insurance of the carrier or insurance broker satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance or to advise Lessee in the event such insurance shall not comply with the requirements of this Lease.

b. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, upon written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest from the date of payment thereof at the Late Rate, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain. If after the Lessor has provided such insurance, the Lessee then obtains the coverage provided for in Section 15(a) which was replaced by the insurance provided by the Lessor and the Lessee provides the Lessor with evidence of such coverage satisfactory to the Lessor, upon the Lessee's written request to the Lessor, the Lessor shall cancel the insurance it has provided pursuant to the first sentence of this Section 15(b) and forward to the Lessee any amounts rebated thereby. In such event, the Lessee shall reimburse the Lessor for all costs to the Lessor of cancellation, including, without limitation, any short rate penalty, together with interest from the date of the Lessor's payment thereof at the Late Rate. In addition, at any time the Lessor or the Escrow Agent may at its own expense carry insurance with respect to its interest in the Units; provided that such insurance does not interfere with the Lessee's ability to insure the Equipment as required by this Section 15 or adversely affect such required insurance or the cost thereof, it being understood that all salvage rights to each Unit shall remain with the Lessee's insurers at all times. Any insurance payments received from policies maintained by the Lessor or the Escrow Agent pursuant to the immediately preceding sentence shall be retained by the Lessor or the Escrow Agent, as the case may be, without reducing or otherwise affecting the Lessee's obligations hereunder.

SECTION 16. PURCHASE OPTION. So long as no Default or Event of Default shall have occurred and be continuing hereunder, Lessee, by giving Lessor not more than 365 nor less than 90 days' written notice prior to the expiration date of the Lease Term or any Renewal Term, may elect to purchase all, but not less than all, of the Units then leased hereunder pursuant to the same Lease Supplement at the then Fair Market Value thereof, plus any applicable sales tax with respect thereto. If Lessee elects to exercise said purchase option, the same shall be exercised with respect to each item of Equipment on the day immediately following the date of expiration of the Lease Term set forth in any respective Lease Supplement(s), and by the delivery at such time by Lessee to Lessor of payment, in cash or by certified check, of the amount of the purchase price for the Equipment as hereinbefore set forth. Upon payment of such amount, Lessor shall, upon request of Lessee, execute and deliver to Lessee a Bill of Sale for the Equipment, on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis, without representation or warranties of any kind whatsoever, except as to the absence of Lessor's Liens. If Lessee does not elect to exercise said purchase option and does not elect to exercise the Renewal Option described in Section 17 of this Lease, Lessee shall return each Unit to Lessor, pursuant to and under the terms and conditions of Section 19 of this Lease, upon the expiration date of the Lease Term of the respective Lease Supplement therefor.

SECTION 17. RENEWAL OF LEASE TERM. So long as no Default or Event of Default shall have occurred and be continuing hereunder, Lessee, by giving Lessor not more than 365 nor less than 90 days' written notice prior to the Basic Term Expiration Date or the expiration date of the Renewal Term then existing, as the case may be, may elect to renew the Lease Term as to all, but not less than all, of the Units then leased hereunder pursuant to the same Lease Supplement, each for a period of not less than twelve months commencing on the Basic Term Expiration Date or the expiration date of the Renewal Term then existing, as the case may be. The Basic Rent for the Units leased during each Renewal Term shall be the Fair Rental Value thereof, payable monthly in arrears. All of the provisions of this Lease shall be applicable during any Renewal Term for such Units, except as specified in the next sentence. During any Fair Renewal Term, the Casualty Value of any Unit shall be determined on the basis of the Fair Market Value of such Unit as of the first day of such Renewal Term; provided that such Casualty Value as of the first day of such Renewal Term shall not be less than the Casualty Value in effect on the last day of the Basic Term or the preceding Renewal Term, as the case may be; provided further that such Casualty Value shall be reduced on a straight-line basis to the Fair Market Value of such Unit as of the last day of such Renewal Term; provided finally that such Casualty Value shall in no event be less than 20% of the Equipment Cost of such Unit. Upon the written request of the Lessee delivered not earlier than 360 days prior to the commencement of any proposed Renewal Term, the

Lessor will furnish the Lessee with a non-binding estimate of the Casualty Value applicable during such proposed Renewal Term.

SECTION 18. DETERMINATION OF FAIR MARKET VALUE AND FAIR RENTAL VALUE. In the event that there should be a dispute as to the Fair Market Value or Fair Rental Value of any Equipment, Lessee shall, upon Lessor's written request, and at Lessee's sole cost and expense, forthwith obtain an independent appraiser acceptable to Lessor to make an appraisal. Notwithstanding any other provision of this Lease, such appraiser's appraisal shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or purchaser (other than a lessee or purchaser currently in possession), as the case may be, and an informed and willing lessor or seller, respectively, under no compulsion to lease or sell. In such determination, costs of transportation to a Return Location shall not be deducted from such value. The report of the appraiser setting forth its determination of Fair Market Value or Fair Rental Value, as the case may be, shall be delivered to Lessor and Lessee not later than thirty (30) days following the date of Lessor's said written request to Lessee and shall be conclusive and binding upon Lessor and Lessee. If Lessor and Lessee cannot agree upon the choice of an appraiser, a panel of three (3) appraisers shall be chosen, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected, and the determination of a majority of said appraisers shall be conclusive and binding.

SECTION 19. RETURN OF EQUIPMENT.

a. Unless either the Purchase or Renewal Option set forth hereinabove is exercised, and without limiting Lessor's remedies set forth in Section 22 hereinbelow, upon the earlier of (i) the expiration date of the first Lease Supplement expiring under this Lease or (ii) the termination of any Lease Supplement for any reason whatsoever, whether by passage of time or otherwise, Lessee shall surrender and return possession of all, but not less than all, of the Units then leased hereunder pursuant to the same Lease Supplement in accordance with the terms of this Section 19. The Lessee will, at its own cost and expense, deliver possession of each such Unit to the Lessor at up to five storage track locations (the "Return Locations") at such sites and in such numbers as the Lessee and the Lessor may reasonably agree. The Lessee shall give the Lessor (i) prompt written notice of its direction to any user or operator of any Unit leased hereunder to forward such Unit to a Return Location in accordance with this Section 19(a) and (ii) prompt written notice of the arrival of such Unit at such location. Upon the request of the Lessor, maintenance logs with respect to any Unit shall be made available to the Lessor or its designee upon the return of such Unit as and to the extent provided in Section 10.

b. Each Unit so surrendered and returned shall be: (i) in the same good operating order, condition and repair as when originally delivered under this Lease, as improved pursuant to the Refurbishment Agreement, with doors and cushioning units in good operating condition, ordinary wear and tear excepted, and in compliance with the other standards set forth in Section 9, (ii) empty, clean and suitable for loading consistent with industry practice, (iii) free and clear of all Liens other than Lessor's Liens, (iv) free of all customer or Lessee advertisements or similar corporate markings other than reporting marks, and (v) eligible for unrestricted interchange (whether operated by the Lessee or the Lessor, but subject to applicable requirements with respect to reporting marks and similar requirements) under the Interchange Rules (each Unit complying with the foregoing requirements being hereinafter referred to as a "Redelivered Unit"). Upon reasonable notice to the Lessee, the Lessor or its designee shall have the right to inspect and, at its own expense, make copies of all logs, records, books and other materials relating to the maintenance of such Unit as are reasonably available upon the return of such Unit. The Lessor or its representatives shall have the right to inspect any Unit that is returned pursuant to Section 19(a) to ensure that such Unit is in compliance with the conditions set forth in this Section 19(b) and Section 9, at the Lessor's sole cost, expense and risk (including, without limitation, the risk of personal injury or death), by its authorized representatives, during the Lessee's and the applicable Return Location's normal business hours, subject to the Lessee's and the Return Location's standard security and safety rules and procedures, and upon reasonable prior notice to the Lessee; provided, however, that the Lessee shall, during the Storage Period, be liable for any injury to, or the death of, any Person exercising, on behalf of the Lessor, the rights of inspection granted under this Section 19(b) if caused by the Lessee's negligence or wilful misconduct. No inspection pursuant to this Section 19(b) shall unreasonably interfere with the normal conduct of the Lessee's or related designated location's business, and the Lessee shall not be required to undertake or incur any additional liabilities in connection therewith. Notwithstanding any return of a Unit to the Lessor, the Lessee's obligations to comply with the conditions set forth in this Section 19(b) with respect to each such Unit shall continue until discharged. In the event that following an inspection of the Redelivered Units by the Lessor or its representative, the Lessor deems any Redelivered Unit to be not in the condition required by this Section 19(b), the Lessee shall, subject to the last sentence of this Section 19(b), (i) cause such Redelivered Units to be put in the condition required by this Section 19(b) and (ii) pay to the Lessor additional Holdover Rent, determined in accordance with Section 19(c), for such Redelivered Unit from the date on which Holdover Rent shall otherwise have ceased to accrue pursuant to the provisions of Section 19(c) to the

date on which such Unit is put in the condition required by this Section 19(b).

c. i. Provided no Event of Default shall have occurred and be continuing, all amounts earned in respect of a Unit subsequent to the expiration of the Lease Term with respect to such Unit and prior to the return of the Unit hereunder shall belong to the Lessee and, if received by the Lessor, shall be promptly turned over to the Lessee. All expense incurred during such period shall be for the account of, and shall be paid by, the Lessee.

ii. The Lessee shall pay Holdover Rent (as hereinafter defined) for each Unit for each day from the date of expiration or termination of this Lease with respect to such Unit to the date on which such Unit shall have been returned to Lessor in accordance with, and in full compliance with, the provisions of Section 19(a) and Section 19(b) of this Lease.

iii. "Holdover Rent" for any Unit shall be equal to 100% of the daily equivalent of the average Basic Rent for such Unit during the Basic Term (or, if applicable, the immediately preceding Renewal Term).

iv. Holdover Rent shall be paid monthly in arrears, by payment from the Lessee to the Lessor, in immediately available funds, on or before the fifth day following the end of each calendar month, such payment to be accompanied by a statement setting forth in reasonable detail the calculation of such payment on a per Unit basis.

v. In the event that despite the Lessee's reasonable best efforts any Unit shall not have been returned to the Lessor in accordance with this Section 19 by the later of (i) the ninetieth (90th) day following the expiration or termination of the Lease Term with respect to such Unit or (ii) the ninetieth (90th) day after written demand from the Lessor to the Lessee for the return of such Unit, the Lessee shall pay to the Lessor (A) the greater of the applicable Casualty Value for such Unit determined as of the last Rent Payment Date for such Unit or the Fair Market Value thereof (assuming such Unit was maintained in accordance with Section 9) as of such last Rent Payment Date, plus (B) the amount of Holdover Rent payable in accordance with this Section 19(c) up to and including the date of payment of such Casualty Value or Fair Market Value, as applicable, and the Lessor shall thereupon transfer to the Lessee all of the Lessor's right, title and interest in any such Unit on an "as-is", "where-is" basis without representation or warranty, express or implied, except as to the absence of Lessor's Liens, and upon such payment Holdover Rent with respect to such Unit shall cease to accrue.

vi. The provision for payment pursuant to this Section 19(c) shall not be in abrogation of the Lessor's right under Section 19(a) to have such Unit returned to it hereunder.

d. Upon the occurrence of an Event of Default, and whether or not Lessor exercises its rights under Section 22 of this Lease to terminate this Lease or otherwise, Lessee shall forthwith surrender and return possession of all Equipment leased hereunder to Lessor in the manner and upon the terms specified in this Section 19, unless and to the extent Lessor may otherwise direct in writing. Notwithstanding and in addition to any of the foregoing in this Section 19, Lessee shall pay to Lessor any and all amounts attributable to the diminution in value due to damage to the Equipment (ordinary wear and tear excepted).

e. During the period beginning on the date of the redelivery (in accordance with this Section 19) of a Unit leased hereunder and ending thirty (30) days after the redelivery of such Unit (with respect to such Unit, the "Storage Period"), the Lessee shall provide storage for such Redelivered Unit at one of the Return Locations described in Section 19(a), in any case, at the sole risk and expense of the Lessee, and the Lessee shall maintain the insurance required by Section 15 with respect to any Redelivered Unit. The Lessee will, at the risk and expense of the Lessor, on or prior to the end of the Storage Period for each Redelivered Unit and upon twenty (20) days' written notice from the Lessor, transport each Redelivered Unit one time from such Return Location to the nearest interchange point where a Class I railroad will accept delivery of a Redelivered Unit. During the Storage Period, all Redelivered Units stored at each Return Location shall be placed and maintained in reasonably close proximity. During the Storage Period, the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Redelivered Unit, to inspect the same during the applicable Return Location's normal business hours, subject to the Lessee's and the Return Location's standard security and safety rules and regulations, and upon reasonable prior notice to the Lessee; provided that such inspection shall not unreasonably interfere with the normal conduct of the applicable Return Location's business and such Person shall be insured to the reasonable satisfaction of the Lessee with respect to any risks incurred in connection with any such inspections; and the Lessee (except in the case of the Lessee's negligence or wilful misconduct) shall not be liable for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted pursuant hereto. The Lessee shall cooperate in all reasonable respects with any efforts by the Lessor to obtain a purchaser or user of any of the Redelivered Units; provided that, except as the Lessor and the Lessee may otherwise agree in writing, (i) the Lessee shall not be obligated in any way

to secure such a purchaser or user, (ii) the Lessee shall not be required to store the Equipment after the Storage Period and (iii) all reasonable expenses incurred by the Lessee in complying with such undertaking (other than those expenses required to be paid by the Lessee pursuant to this Lease) shall be reimbursed promptly by the Lessor. If the Lessee stores any Redelivered Unit after the Storage Period, such storage shall be at the sole risk of the Lessor and the Lessor shall pay the actual costs of such storage incurred by the Lessee.

SECTION 20. LESSOR'S PAYMENT; INTEREST. In case of failure of Lessee to procure or maintain insurance or to pay fees, assessments, charges and taxes, all as hereinbefore specified, Lessor shall have the right, but shall not be obligated, to effect such insurance or pay said fees, assessments, charges and taxes, as the case may be. In that event, the cost thereof shall, at Lessor's option, become immediately due from Lessee to Lessor with interest until paid at the Late Rate.

SECTION 21. FURTHER ASSURANCES.

a. Lessee will promptly execute and deliver to Lessor, at Lessee's expense, such further documents and take such further action as Lessor may request in order more effectively to carry out the intent and purpose of this Lease including, without limitation, (i) the filing of this Lease and amendments and/or supplements thereto (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) and (ii) the taking of such further action as Lessor may deem desirable to fully protect Lessor's interest hereunder in accordance with the Interstate Commerce Commission or other applicable legal body. Lessee hereby authorizes Lessor to effect any such filing as aforesaid and, at the option of Lessor, Lessor's costs and expenses with respect thereto shall constitute additional rent, payable on demand.

b. The Lessee will pay all costs, charges and expenses (including reasonable attorneys' fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action pursuant to this Section 21.

SECTION 22. DEFAULT. The following events shall constitute Events of Default hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority) and each such Event of Default shall be deemed to exist and continue for so long as, but only as long as, it shall not have been remedied:

a. payment of any portion of Basic Rent or Casualty Value shall not be made by or on behalf of the Lessee within 10 Business Days after the same shall have become due; or

b. the Lessee shall fail to make any other payment under the Operative Agreements, including without limitation, any payment of Supplemental Rent (other than Casualty Value), after the same shall have become due and such failure shall continue unremedied for a period of 30 days after receipt by the Lessee of written notice of such failure; or

c. the Lessee shall fail to procure and maintain the insurance required by Section 15 or shall permit the lapse or cancellation of such insurance; provided that no such lapse or cancellation shall constitute an Event of Default until the earlier of (x) 10 days after receipt by the Lessor of written notice of such lapse or cancellation and (y) the date such lapse or cancellation is effective as to the Lessor; or

d. any representation or warranty made by the Lessee in this Lease or in any other Operative Agreement is untrue or incorrect in any material respect as of the date made and such untruth or incorrectness shall continue to be material and unremedied for a period of 60 days after the earlier of (i) receipt by the Lessee of written notice thereof and (ii) the Lessee having obtained actual knowledge thereof; or

e. the Lessee shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) generally fail to pay, or admit in writing its inability to pay, its debts as they come due, or (iv) make a general assignment for the benefit of creditors, or (v) take any corporate action to authorize, or in furtherance of, any of the foregoing; or

f. an involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or

g. the Lessee shall fail to observe or perform in any material respect any of its covenants or agreements (other than those described in the foregoing clauses of this Section 22) to be observed or performed by the Lessee hereunder or any other Operative Agreement and such failure shall continue unremedied for 30 days after the earlier of (i) written notice from the Lessor to the Lessee specifying the failure and demanding the same to be remedied and (ii) the Lessee having obtained actual knowledge thereof; provided that, if such failure is capable of being remedied, no such failure shall constitute a Lease Event of Default hereunder for a period of 180 days after receipt of such notice or obtaining actual knowledge for so long as the Lessee is diligently proceeding to remedy such failure; provided further that during such period there shall be no risk or danger of (A) the sale, forfeiture or loss of any Unit of Equipment, or the subjection thereof to any Lien (other than Permitted Liens), or interference with the payment of Basic Rent or with the operation, use or disposition of any Unit or with title thereto or any interest therein, or (B) the imposition of any liability (including any criminal liability) on the part of, or any adverse effect on, the Lessor or any adverse effect on any Unit of Equipment; or

h. Lessee shall cease to do business as a going concern.

Upon the occurrence of any Event of Default, Lessor shall have the right to declare this Lease in default by a written notice to Lessee to that effect. Such declaration shall apply to all Lease Supplements then in effect hereunder except as specifically excepted by Lessor in such declaration. Upon the making of any such declaration Lessor shall have all remedies available under applicable law or in equity, including without limitation, the right to exercise any one or more of the following remedies:

i. To take possession of any and all items of Equipment, without further demand or notice, wherever same may be located, without any court order or any process of law (but if Lessor applies for a court order or the issuance of legal process, Lessee waives all prior notice of the making of such application or the issuance of such order or legal process), and said taking of possession shall not constitute termination of this Lease or relieve Lessee of any of its obligations as to any or all items of Equipment unless Lessor expressly so notifies Lessee in writing;

ii. To terminate this Lease as to any or all items of Equipment without prejudice to Lessor's rights in respect of obligations then accrued and remaining unsatisfied;

iii. The Lessor may, by written notice to the Lessee specifying a payment date which shall be a Rent Payment Date not earlier than the 10th day after the date of such notice may require that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor on the date specified in such notice as liquidated damages for loss of a bargain and not as a penalty (and in lieu of scheduled Basic Rent due after the date specified in such notice), the sum of: (x) any unpaid Rent due on or prior to the Rent Payment Date specified in such notice plus (y) the greater of the Casualty Value, computed as of the Rent Payment Date specified in such notice, and the Fair Market Value of the Equipment and upon such payment (and payment of interest on the amount calculated pursuant to this clause (c) at the Late Rate from the date specified for payment until actually paid if not paid on the date so specified), the Lessor shall transfer "as is", "where is", without recourse or warranty (except as to the absence of Lessor's Liens) all right, title, and interest of the Lessor to the Equipment to the Lessee or as it may direct, and the Lease Term, if not theretofore ended, shall end; or

iv. To sell any or all of the Equipment at public or private sale, in bulk or in parcels, for cash or on credit without having the Equipment present at the place of sale and to recover from Lessee all costs of taking possession, storing, repairing, and selling the Equipment (and Lessor may use Lessee's premises for any or all of the foregoing without any liability for rent, costs, damages or otherwise) or to otherwise dispose of, hold, use, operate, lease to others or keep idle such Equipment, all as Lessor in its sole discretion may determine, and to apply the proceeds of such action (1) to all costs and charges and expenses incurred in taking, removing, holding, operating, repairing and selling, leasing or otherwise disposing of Equipment; then (2) to the extent not previously paid by Lessee, to pay Lessor the aggregate Casualty Value of the Equipment and all other sums, including any unpaid Rent and late fees and any indemnification then remaining unpaid hereon or in any late fees and any indemnification then remaining unpaid hereon or in any other Agreement between Lessor and Lessee; then (3) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages; any surplus in excess of (1), (2) and (3) shall be retained by Lessor, and Lessee shall pay to Lessor any deficiency in (1) and (2) forthwith upon demand by Lessor; or

v. To exercise any other right or remedy that may be available to it at law, in equity or by statute (including under Article 2A of the Illinois Uniform Commercial Code).

Lessee agrees to notify Lessor promptly upon Lessee's learning of any Event of Default or condition or event which could mature to

an Event of Default. Notwithstanding any repossession, or any other action which Lessor may take (including without limitation re-sale or re-lease of the Equipment by Lessor), Lessee shall be and remain absolutely and unconditionally liable for the full performance of all obligations on the part of the Lessee to be performed under this Lease. All such remedies are cumulative and may be exercised concurrently or separately. The failure of Lessor to exercise any of its rights hereunder shall not be deemed a waiver of such rights.

In addition to the foregoing, Lessee shall pay Lessor all costs and expenses, including reasonable attorneys' fees and fees of collection agencies incurred by Lessor in exercising any of its rights or remedies hereunder.

Upon the occurrence of an Event of Default, the Lessor may request that the Lessee deliver to the Lessor, and upon such request the Lessee agrees that it will promptly deliver to the Lessor, a detailed list of all Units that are then being subleased by the Lessee, the identity of the sublessees with respect to such Units, the identity of an employee or other agent of each such sublessee with whom the Lessee regularly communicates in respect of such Units and the most recent known location of such Units.

SECTION 23. ASSIGNMENT. Lessee shall not assign this Lease or any Lease Supplement or any interest therein to any person, organization, or entity unless Lessee shall have obtained Lessor's prior written consent to such assignment. Lessee acknowledges and understands that Lessor may assign this Lease or any Lease Supplement or any interest herein or therein to any person, organization, or entity, and Lessee shall (1) recognize any such assignment, (2) accept the lawful demands of such assignee, (3) surrender the Equipment only to such assignee, and (4) pay all Rent payable hereunder and do any and all things required by Lessee hereunder, notwithstanding any default of the Lessor named herein or the existence of any claim, defense or offset between Lessee and said Lessor.

SECTION 24. REPRESENTATIONS AND WARRANTIES

a. Representations and Warranties of the Lessee. The Lessee represents and warrants to the Lessor that:

i. Organization and Power. The Lessee (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (ii) is duly licensed or qualified and in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its ability to carry on its business as now conducted or to enter into and perform its obligations under the Operative Agreements, and (iii) has full

corporate power, authority and legal right to carry on its business as now conducted and to execute, deliver and perform its obligations under the Operative Agreements.

ii. Authorization, Execution and Validity. The Operative Agreements have been duly authorized by all necessary corporate action, and will on the Closing Date have been duly executed and delivered by the Lessee, and, assuming the due authorization, execution and delivery by each other party thereto, will on the Closing Date constitute legal, valid and binding obligations of the Lessee, enforceable against it in accordance with their respective terms.

iii. Conflict. The execution, delivery and performance by the Lessee of each Operative Agreement to which it is a party and compliance by the Lessee with all of the provisions hereof and thereof (i) do not and will not contravene any law or regulation, or any order of any court or Governmental Authority applicable to or binding on the Lessee or any of its material properties, and (ii) do not and will not contravene the provisions of, or constitute a default by the Lessee under, or result in the creation of any Lien upon the property of the Lessee under its certificate of incorporation or by-laws or any indenture, mortgage, contract or other agreement or instrument to which the Lessee is a party or by which the Lessee or any of its material property is bound or affected.

iv. Litigation. There are no proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee in any court or before any Governmental Authority or arbitration board or tribunal which individually or in the aggregate would, if determined adversely to it, materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Lessee, or impair the ability of the Lessee to perform its obligations under the Operative Agreements or which question the validity of any Operative Agreement or any action taken or to be taken pursuant thereto. Lessee is not in default with respect to any order of any court or Governmental Authority or arbitration board or tribunal, the default under which would affect adversely the ability of the Lessee to perform its obligations under the Operative Agreements.

v. Financial Statements. The audited consolidated balance sheet, consolidated statement of income, consolidated statement of stockholder's equity and consolidated statement of cash flows of the Lessee as of and for the most recent available fiscal year (collectively, the "Annual Statements"), and the unaudited consolidated balance sheet, consolidated statement of income, consolidated statement of stockholder's equity and consolidated statement of cash flows of the Lessee

as of and for the most recent available fiscal quarter (collectively, the "Quarterly Statements"), copies of which have heretofore been provided to each of the other parties hereto, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Lessee and its Subsidiaries as of the respective dates thereof and the results of their operations for the periods then ended. There has been no material adverse change in the condition, financial or otherwise, of the Lessee and its Subsidiaries from that shown on the Quarterly Statements as of the date thereof.

vi. Consents. Neither the nature of the Lessee, its businesses or properties, nor any relationship between the Lessee and any other Person, nor the execution, delivery and performance by the Lessee of the Operative Agreements to which it is a party or any circumstances in connection therewith, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, or the giving of notice or the taking of any other action with respect to, any Governmental Authority on the part of the Lessee in connection with the execution, delivery and performance by the Lessee of the Operative Agreements to which it is a party, other than the filings and registrations contemplated by Section 21 of this Lease and such other filings and registrations as are expressly contemplated by the other Operative Agreements.

vii. Compliance of the Lessee. The Lessee is not in violation of any term of its certificate of incorporation, by-laws or, in any material respect, of any other agreement or instrument to which it is a party or by which it may be bound. The Lessee is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would have a material adverse effect on its properties, business or condition (financial or otherwise), or would materially impair the ability of the Lessee to perform its obligations under the Operative Agreements, and has obtained all licenses, permits, franchises and other governmental authorizations material to the conduct of its business.

viii. Approvals. The Lessee has not failed to obtain the approval of any court or Governmental Authority, which the failure to obtain would (i) have a material adverse effect on the Lessee's business or condition (financial or otherwise), (ii) materially and adversely affect the Lessee's ability to perform its obligations under the Operative Agreements, (iii) otherwise materially and adversely affect the ability of the Lessee to carry on its business as presently conducted, and the Lessee has no reason to believe that it will be prevented by any court or Governmental Authority, in any material

respect, from so carrying on its business as presently conducted, including as contemplated by this Lease and any other Operative Agreement, or (iv) result in or increase the risk of, the imposition of any criminal liability on any Indemnified Person.

ix. Subjection to Government Regulation. Assuming that the Lessor shall not directly use or operate the Equipment (other than to lease the Equipment to the Lessee pursuant to this Lease), the Lessor will not become, solely by reason of entering into the Operative Agreements or (except with respect to or resulting from (i) the exercise by any Person of any remedies resulting in control over the Equipment upon the occurrence of an Event of Default, (ii) the termination of this Lease with respect to any Unit or (iii) the end of the Lease Term) the consummation of the transactions contemplated thereby, subject to regulation by any Governmental Authority.

x. Taxes. The Lessee has timely filed all United States Federal income tax returns and all other material tax returns which are required to be filed by it and has paid all taxes due pursuant to such returns or pursuant to any assessment made against the Lessee or any of its assets (other than assessments, the payment of which are being contested in good faith by appropriate proceedings by the Lessee), and no tax Liens have been filed and no claims are being asserted with respect to any such taxes, fees or other charges which could reasonably be expected to have a material adverse effect on its ability to perform its obligations under the Operative Agreements. The provision for taxes on the books of the Lessee is in accordance with generally accepted accounting principles and is otherwise adequate for all open years, and for its current fiscal period.

xi. Taxes on the Equipment. On the Closing Date, all taxes payable upon the purchase of the Equipment by the Lessor will have been paid or such transactions will then be exempt from any such taxes.

xii. Taxes on this Lease. On the Closing Date, all taxes payable upon the lease of the Equipment to the Lessee will have been paid or such transactions will then be exempt from any such taxes. No taxes, fees or other charges are payable in connection with the execution and delivery of the Operative Agreements on the Closing Date.

xiii. Title. On the Closing Date, the Lessee shall have, and the Bill of Sale to be delivered on the Closing Date shall convey to the Lessor, good and marketable legal and beneficial title to the Units being delivered on the Closing Date, free and clear of all Liens except Permitted Liens of

the type described in clauses (ii) (as to the interests of the Lessee), (iii) (with respect to taxes, assessments or other charges not yet due and payable), and (iv) of the definition thereof (as to the interests of the Lessee), and such conveyance is not void or voidable under any Applicable Law.

xiv. Compliance of the Equipment. The Equipment and the current operation thereof do not violate any law or regulation, or any order of any court or Governmental Authority applicable to, or binding on, the Equipment, including, without limitation, any thereof relating to matters of occupational safety and health or the environment, other than violations that would not, individually or in the aggregate, (i) have a material adverse effect on the properties, business or condition (financial or otherwise) of the Lessee or its ability to perform its obligations under the Operative Agreements or prevent or interfere with the continued economic operation of the Equipment or (ii) impose any penalty on, any Indemnified Person or result in the imposition of any criminal liability on the Lessee.

xv. Equipment Complete. (i) Each Unit of the Equipment, taken as a whole, and each major component thereof, is substantially complete such that it is ready and available to perform the function for which it was designed; (ii) all approvals of any court or Governmental Authority necessary for the commercial operation of each Unit of the Equipment have been received and are in full force and effect; (iii) each Unit of the Equipment has been maintained, serviced and repaired in a manner consistent with prudent industry practice and in compliance in all material respects with (A) applicable laws, rules, regulations and orders of any court or Governmental Authority and (B) all requirements for maintaining the Lessee's insurance (it being understood and agreed that any requirement which the failure to meet would result in the loss of insurance coverage is material); and (iv) there is no present event or condition of which the Lessee has knowledge that is directed, addressed or relates specifically to any Unit of the Equipment and that would adversely affect the capability of such Unit to operate as rail car equipment or impair the fair market value, utility or remaining economic useful life of such Unit.

xvi. Insurance. On or before the Closing Date, the Equipment will be covered by the insurance required by Section 15 of this Lease and all premiums due prior to the Closing Date in respect of such insurance have been paid in full.

xvii. Default or Casualty. No Default has occurred and is continuing and, to the knowledge of the Lessee, no Casualty Occurrence has occurred.

xviii. Security Filings. All filings and other actions contemplated by Section 25(a)(iii) of this Lease will have been made on or prior to the Closing Date.

xix. Disclosure. There is no fact, of which the Lessee has knowledge, which the Lessee has not disclosed in writing to the Lessor which materially affects adversely or, so far as the Lessee can now reasonably foresee, will materially affect adversely the properties, business or condition (financial or otherwise) of the Lessee.

xx. Investment Company. The Lessee is not an "investment company" or an "affiliated person" of an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

xxi. Holding Company. The Lessee is not subject to regulation as a "holding company," an "affiliate" of a "holding company," or a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

xxii. Chief Executive Office. The principal place of business and chief executive office (as such term is used in Article 9 of the Illinois Uniform Commercial Code) of the Lessee is located at 225 West Washington Street, Chicago, Illinois 60606.

xxiii. Solvency. The transfer of the Equipment made by the Lessee pursuant to the Bill of Sale does not render the Lessee insolvent, nor is it made in contemplation of the Lessee's insolvency; the property remaining in the hands of the Lessee after such transfer is not an unreasonably small amount of capital.

xxiv. Broker's Fees. No broker's, finder's or placement fee or commission will be payable with respect to the transactions contemplated by the Operative Agreements as a result of any action by the Lessee.

xxv. ERISA.

(1) The execution and delivery of this Lease and the consummation of the transactions contemplated by the Operative Agreements will not involve any transaction which is subject to the prohibitions of Sections 406(a) or (b) of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(a) or (b) of the Code by reason of Section 4975(c)(1) of the Code.

(2) No accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, exists with respect to any Pension Plan (other than a Multiemployer Plan). No liability to the Pension Benefit Guaranty Corporation has been or is expected by the Lessee to be incurred with respect to any Pension Plan (other than a Multiemployer Plan) by the Lessee which is or would be materially adverse to the Lessee and its Subsidiaries taken as a whole. The Lessee neither has incurred nor presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the Lessee and its Subsidiaries taken as a whole.

(3) Neither the Lessee nor any of its ERISA Affiliates has or reasonably expects to become subject to a Lien in favor of any Pension Plan under Section 302(f) of ERISA or Section 412(n) of the Code.

xxvi. Offers by the Lessee. As of the date of this Lease and as of the Closing Date, neither the Lessee nor any Person acting on behalf of the Lessee has offered any interest in the Equipment or this Lease for sale to, or solicited any offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any Person in violation of Section 5 of the Securities Act of 1933, as amended, nor has it authorized any Person to take any such action in violation of such Act, and the Lessee has not taken any action which would subject any interest in the Equipment or this Lease to the registration requirements of Section 5 of the Securities Act of 1933, as amended.

xxvii. Subleases. As of the date of this Lease none of the Equipment is, and as of the Closing Date, none of the Equipment will be, subject to any lease, sublease or other arrangement pursuant to which any Person other than the Lessee shall have possession or control of any Unit, except as specified in the Lease Supplement.

b. Representations and Warranties of the Lessor. The Lessor represents and warrants to the Lessee that:

i. Organization and Power. The Lessor (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (ii) is duly licensed or qualified and in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its ability to enter into and perform its obligations under the Operative Agreements to which the Lessor is a party, and (iii) has full corporate power, authority and legal right to execute, deliver and

perform its obligations under the Operative Agreements to which the Lessor is a party.

ii. Authorization, Execution and Validity. The Operative Agreements to which the Lessor is a party have been duly authorized by all necessary corporate action (no shareholder approval being required), and will on the Closing Date have been duly executed and delivered by the Lessor, and (assuming the due authorization, execution and delivery by each other party thereto) will on the Closing Date constitute legal, valid and binding obligations of the Lessor, enforceable against it in accordance with their respective terms.

iii. Conflict. The execution, delivery and performance by the Lessor of each Operative Agreement to which the Lessor is a party and compliance by the Lessor with all of the provisions hereof and thereof (i) do not and will not contravene any law or regulation, or any order of any court or Governmental Authority applicable to or binding on the Lessor where such conflict would have a material adverse effect on the Lessor or any of its properties (provided that the foregoing shall not constitute any representation or warranty with respect to any law, regulation or order applicable to the Lessor solely by reason of its participation in the transactions contemplated by this Lease), and (ii) do not and will not contravene the provisions of, or constitute a default by the Lessor under, or result in the creation of any Lien (except for Permitted Liens upon the Units) upon the Equipment under its certificate of incorporation or by-laws or any indenture, mortgage, contract or other agreement or instrument to which the Lessor is a party or by which the Lessor or any of its property is bound or affected.

iv. Litigation. There are no proceedings pending or, to the knowledge of the Lessor, threatened against the Lessor in any court or before any Governmental Authority or arbitration board of tribunal which individually or in the aggregate would, if determined adversely to it, materially and adversely impair the ability of the Lessor to perform its obligations under the Operative Agreements to which the Lessor is a party or which question the validity of any such agreement or any action taken or to be taken pursuant thereto. Neither the Lessor nor any Subsidiary is in default with respect to any order of any court or Governmental Authority or arbitration board or tribunal, the default under which would affect adversely the ability of the Lessor to perform its obligations under the Operative Agreements to which the Lessor is a party.

v. Consents. No consent, approval or authorization of, or filing, registration or qualification with, or the giving

of notice or the taking of any other action with respect to, any Governmental Authority on the part of the Lessor is required in connection with the execution, delivery and performance by the Lessor of the Operative Agreements to which the Lessor is a party.

vi. No Liens. The Units are free of any Lessor's Liens attributable to the Lessor.

vii. Broker's Fees. No broker's, finder's or placement fee or commission will be payable with respect to the transactions contemplated by the Operative Agreements as a result of any action by the Lessor.

viii. ERISA. No part of the funds used by the Lessor to purchase the Units on the Closing Date will constitute plan assets within the meaning of 29 C.F.R. § 2510.3-101 of any employee benefit plan (other than a government plan exempt from the coverage of ERISA).

SECTION 25. CLOSING CONDITIONS

a. Conditions Precedent to Obligation of Lessor. The obligation of Lessor to purchase the Equipment and to lease the Equipment to the Lessee on the Closing Date as contemplated in Section 2 of this Lease shall be subject to the fulfillment to the satisfaction of (including, with respect to writings, such writings being in form and substance satisfactory to the Lessor), or the waiver in writing by, the Lessor of the following conditions:

i. Execution of Certain Operative Agreements. On or before the Closing Date, the Operative Agreements shall each be in form and substance satisfactory to the Lessor, shall each have been duly executed and delivered by the parties thereto (except that the execution and delivery of this Lease and the other documents referred to above by the Lessor shall not be a condition precedent to the Lessor's obligations hereunder), shall each be in full force and effect and executed counterparts of each shall have been delivered to the Lessor or its counsel on or before the Closing Date.

ii. No Default. No event shall have occurred and be continuing that constitutes a Default or an Event of Default.

iii. Recordation and Filing. On or before the Closing Date or as soon thereafter as is reasonably practicable (but in no event more than 30 days after the Closing Date) with respect to those filings referred to in (iv) below: (i) the Lessee shall have caused this Lease and the Lease Supplement to be duly filed, recorded and deposited in conformity with 49 U.S.C. § 11303 and in such other places within the United

States as the Lessor may reasonably request for the protection of the Lessor's title to the Equipment and interest in this Lease; (ii) precautionary Uniform Commercial Code financing statements naming the Lessee as debtor and the Lessor as secured party shall have been filed in such public offices as are deemed necessary or appropriate by the Lessor to perfect the right, title and interest of the Lessor in the Equipment; and (iii) the Lessee shall have caused this Lease and the Lease Supplement to be deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and provision shall have been made for publication of notice of such deposit in The Canada Gazette in accordance with said Section 90.

iv. Representations and Warranties True. On the Closing Date, the representations and warranties of the Lessee contained in Section 24(a) of this Lease shall be true and correct in all material respects as of the Closing Date as though made on and as of said date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been true and correct on and as of such earlier date), and the Lessor shall have received certificates of the Lessee dated such date to such effect and certifying that the Lessee has performed and complied with all agreements and conditions herein contained which are required to be performed or complied with by the Lessee on or before said date.

v. Opinions of Counsel. On the Closing Date, the Lessor shall have received each of the following documents, dated on the Closing Date, in form and substance satisfactory to the Lessor:

(1) An opinion of counsel for the Lessee;

(2) An opinion of special ICC counsel for the transaction; and

(3) An opinion of special Canadian counsel for the transaction.

vi. Title. On the Closing Date, after giving effect to the transactions contemplated hereby, the Lessor shall have good and marketable legal and beneficial title to each Unit, free and clear of all Liens, except Permitted Liens of the type described in clauses (ii) (as to the interests of the Lessee), (iii) (with respect to taxes, assessments or other charges not yet due and payable) and (iv) (as to the interests of the Lessee) of the definition thereof.

vii. Bill of Sale. On the Closing Date, the Lessee shall have delivered to the Lessor the Bill of Sale dated such date covering the Units to be sold on such date, transferring to the Lessor good and marketable legal and beneficial title to such Units free of all Liens, except Permitted Liens of the type described in clauses (ii) (as to the interests of the Lessee and any sublessee as provided in any Permitted Sublease), (iii) (with respect to taxes, assessments or other charges not yet due and payable) and (iv) (as to Liens attributable to the Lessee) of the definition thereof, and warranting to the Lessor that at the time of delivery of each such Unit, the Lessee had legal and beneficial title thereto and good and lawful right to sell the same, and title thereto was free of all Liens, except Permitted Liens of the type described in clauses (ii) (as to the interests of the Lessee), (iii) (with respect to taxes, assessments or other charges not yet due and payable) and (iv) (as to Liens attributable to the Lessee) of the definition thereof.

viii. Corporate Documents. On the Closing Date, the Lessor shall have received such documents and evidence with respect to the Lessee as the recipient may reasonably request in order to establish the consummation of the transactions contemplated by this Lease and the authority therefor, including corporate charters and by-laws, certificates of incumbency and evidence of the taking of all corporate and other proceedings in connection herewith and therewith and compliance in all material respects with the conditions herein or therein set forth.

ix. No Threatened Proceedings. No action or proceeding shall have been instituted, nor shall governmental action be threatened, before any court or Governmental Authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or Governmental Authority at the time of the Closing Date to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or the transactions contemplated hereby.

x. No Illegality. No change shall have occurred after the date of the execution and delivery of this Lease in Applicable Law or regulations thereunder or interpretations thereof by regulatory authorities that, in the opinion of counsel for the Lessor, would make it illegal for such party to enter into any transaction contemplated by the Operative Agreements.

xi. Consents. All approvals and consents of any trustees or holders of any indebtedness or obligations of the Lessee which are required in connection with the transactions

contemplated by this Lease shall have been duly obtained and shall be in full force and effect.

xii. Governmental Actions. All actions, if any, required to have been taken on or prior to the Closing Date in connection with the transactions contemplated by this Lease on the Closing Date shall have been taken by any Governmental Authority and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on the Closing Date in connection with the transactions contemplated by this Lease on the Closing Date shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect.

xiii. No Change in Tax Law. No change in tax law shall have occurred or been proposed (including any issuance of any judicial opinion or administrative interpretation) prior to the acceptance and delivery of the Equipment on the Closing Date which, if enacted, adopted or made effective, in the same or substantially similar form, would, in the reasonable opinion of the Lessor, render it disadvantageous or inadvisable for the Lessor to enter into the transactions contemplated by the Operative Agreements, and no change shall have occurred in applicable law that would prohibit or make illegal the transactions by the Lessor contemplated by the Operative Agreements.

b. Conditions Precedent to the Obligation of the Lessee. The obligations of the Lessee with respect to the acceptance of the Units under this Lease shall be subject to the fulfillment to the satisfaction of (including, with respect to writings, such writings being in form and substance reasonably satisfactory to the Lessee), or the waiver in writing by, the Lessee of the following conditions:

i. Operative Agreements. On or before the Closing Date, the Operative Agreements shall have been duly authorized, executed and delivered by the parties thereto (other than the Lessee), shall each be in full force and effect and executed counterparts of each shall have been delivered to the Lessee or its special counsel on or before the Closing Date.

ii. Representations and Warranties True. On the Closing Date, the representations and warranties of the Lessor contained in Article III of the Asset Purchase Agreement and Section 24(b) of this Lease shall be true and correct in all material respects as of the Closing Date as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier

date (in which case such representations and warranties were true and correct in all material respects on and as of such earlier date).

iii. No Threatened Proceedings. No action or proceeding shall have been instituted, nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Closing Date to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or the transactions contemplated hereby.

SECTION 26. LESSEE'S INDEMNITIES.

a. General Tax Indemnity.

Payment of State, Local and Other Taxes. The Lessee agrees to defend, indemnify and save harmless each Indemnified Person from and against, and as between the Lessee and each Indemnified Person (as defined in Section 26(b)(ii) of this Lease) the Lessee hereby assumes liability with respect to, all fees (including, without limitation, license fees and registration fees), taxes (including, without limitation, income, gross receipts, franchise, sales, use, value added, ad valorem, property and stamp taxes), excise taxes resulting from a prohibited transaction under Section 4975 of the Code but only to the extent expressly set forth in Section 26(b)(iii)(7) of this Lease and without regard to the exclusions set forth in Section 26(b)(iv)(1) through (4), assessments, levies, imposts, duties, charges or withholdings of any nature whatsoever, together with any and all penalties, additions to tax, fines or interest thereon imposed against any Indemnified Person, the Equipment (or any Unit), or the Lessee, upon, arising from or relating to (i) the Equipment (or any Unit), (ii) the construction, manufacture, ordering, financing, purchase, delivery, ownership, acceptance, rejection, possession, improvement, use, operation, leasing, subleasing, condition, maintenance, repair, conversion, refurbishing, refinancing, registration, titling, documentation, sale, return, replacement, storage, abandonment or other application or disposition of the Equipment (or any Unit), (iii) the rental payments, receipts or earnings arising from, or payable pursuant to, this Lease, or (iv) the Operative Agreements or otherwise with respect to or in connection with the transactions contemplated thereby (herein called "Impositions"); provided that Impositions shall not include: (i) any Impositions imposed on or measured by the net income of the Indemnified Person or any franchise or similar taxes on doing business imposed on the capital or net worth of the Indemnified Person or any minimum taxes or taxes on tax preference items imposed by any Federal, state, local or foreign government or taxing authority, except to the extent such Impositions (A) would

have been imposed by any foreign state, foreign province or foreign municipality or taxing authority, and are not greater in amount than the Impositions that would have been imposed, on the income or receipts relating to or arising from the transactions contemplated by the Operative Agreements if the use or location of any Unit or the Lessee in the taxing jurisdiction had been the only contact between the Indemnified Person and the taxing jurisdiction or (B) are in the nature of sales, use, rental, license, value added, excise, property (whether tangible or intangible), ad valorem or similar taxes, (ii) (A) any amount that is imposed on any Indemnified Person as a result of the voluntary sale, assignment, transfer or other disposition (other than any such sale, assignment, transfer or disposition occurring on the Closing Date pursuant to the transactions contemplated by this Lease or any other Operative Agreement) by such Indemnified Person of any of its rights with respect to the Equipment or any Unit or any of the Operative Agreements unless such voluntary sale, assignment, transfer or other disposition occurs in connection with an Event of Default that has occurred and is continuing or (B) any amount that is imposed on any Indemnified Person as a result of the involuntary sale, assignment, transfer or other disposition by such Indemnified Person of any of its rights with respect to all or any portion of the Equipment or any of the Operative Agreements unless such involuntary sale, assignment, transfer or other disposition occurs in connection with an Event of Default that has occurred and is continuing or as a result of any act of the Lessee, any Affiliate of the Lessee, or any Person in possession of any Unit; (iii) Impositions imposed with respect to any period after the earliest of (x) the return of possession of the Equipment to the Lessor or the placement of the Equipment in storage at the request of the Lessor, in either case pursuant to Section 19 of this Lease, (y) the termination of the Lease Term and discharge in full of Lessee's obligation to pay the Casualty Value; provided that this exclusion shall not apply to Impositions to the extent related to events occurring or matters arising prior to or simultaneously with such time; (iv) Impositions imposed on an Indemnified Person due to the breach by such Indemnified Person of any of its express representations, warranties, covenants, obligations or duties in any of the Operative Agreements (it being understood that this exclusion shall not apply as a result of the execution of any exemption or similar certificate at the Lessee's request) or caused by the gross negligence or willful misconduct of such Indemnified Person other than such negligence or misconduct imputed to an Indemnified Person by reason of its participation in the transactions contemplated by the Operative Agreement; and (v) any state or local taxes to the extent they are actually utilized by an Indemnified Person or its Affiliates to reduce (whether by way of deduction, credit, allocation, apportionment or otherwise) state or local taxes not otherwise indemnified for under this Section 26(a).

The Lessee agrees to pay, within 30 days of written demand, any and all Impositions; provided, however, that the Lessee shall be under no obligation to pay any Imposition so long as either the Indemnified Person or the Lessee is contesting the Imposition as provided below.

If a written claim is made against an Indemnified Person for Impositions with respect to which the Lessee may be liable for indemnity hereunder, the Indemnified Person shall give the Lessee notice in writing of such claim within 30 days after its receipt and shall furnish the Lessee with copies of the claim and all other writings received from the taxing authorities with respect to such claim to the extent such claims or writings relate to an Imposition indemnifiable hereunder (but the failure to do so shall relieve the Lessee of its obligation hereunder only to the extent such failure materially impairs the contest of such Imposition hereunder). The Indemnified Person shall not pay such claim prior to the 30 days after providing the Lessee with such written notice, unless required to do so by law or unless deferral of payment would cause material adverse consequences (determined by the Indemnified Person after taking into account this indemnification provision). If the Lessee shall request within 30 days after receipt of such notice, then such Indemnified Person shall in good faith and at the Lessee's expense contest such Imposition; provided, however, that, to the extent the contest involves only Impositions constituting property, sales or use taxes and does not involve or affect any taxes not indemnified hereunder, such contest shall be undertaken by the Lessee at the Lessee's expense on an After-Tax Basis to the Lessor and Owner Participant, but if such contest would involve, in the Indemnified Person's reasonable judgment, any other type of Imposition, then such Indemnified Person may in its sole discretion control such contest, including selecting the forum for such contest, and determining whether any such contest shall be by (i) paying such Imposition under protest, (ii) resisting payment of such Imposition or (ii) paying such Imposition and seeking a refund thereof; provided, further, however, that at such Indemnified Person's option and if permitted by applicable law, such contest may be conducted by the Lessee in the name of such Indemnified Person. In no event shall such Indemnified Person be required or the Lessee be permitted to contest any Imposition for which the Lessee is obligated to indemnify pursuant to this Section 26(a) unless: (i) Lessee shall have acknowledged in writing its liability to such Indemnified Person for an indemnity payment pursuant to this Section an a result of such claim; (ii) such Indemnified Person shall have received an opinion of independent tax counsel selected by the Indemnified Person and reasonably satisfactory to the Lessee furnished at Lessee's sole expense, to the effect that a reasonable basis exists for contesting such claim or, in the event of a judicial appeal, that it is more likely than not that an appellate court will reverse the adverse determination; (iii) the Lessee shall have agreed to pay such Indemnified Person on demand

(and on an After-Tax Basis to the Lessor and Lessor) all reasonable costs and expenses that such Indemnified Person may incur in connection with contesting such claim (including, without limitation, all costs, expenses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to the Imposition); (iv) no Default or Event of Default shall have occurred and shall be continuing; (v) such Indemnified Person shall have determined that the action to be taken will not result in any substantial danger of sale, forfeiture or loss of, or the creation of any Lien (except if the Lessee shall have adequately bonded such Lien or otherwise made provision to protect the interests of such Indemnified Person in a manner reasonably satisfactory to such Indemnified Person) on any Unit; (vi) the amount of such claims alone, or, if the subject matter thereof shall be of a continuing or recurring nature, when aggregated with identical potential claims shall be at least $10,000; and (vii) if such contest shall be conducted in a manner requiring the payment of the claim, the Lessee shall have paid the amount required (on an After-Tax Basis to the Lessor and Lessor). In no event shall an Indemnified Person be required to appeal an adverse determination to the U.S. Supreme Court. The Lessee shall cooperate with the Indemnified Person with respect to any contest controlled and conducted by the Indemnified Person and the Indemnified Person shall reasonably consult with the Lessee regarding the conduct of such contest. The Indemnified Person shall reasonably cooperate with the Lessee with respect to any contest controlled and conducted by the Lessee and the Lessee shall reasonably consult with the Indemnified Person regarding the conduct of such contest.

Notwithstanding anything contained in this Section 26(a) to the contrary, no Indemnified Person shall be required to contest any claim if the subject matter thereof shall be of a continuing or recurring nature and shall have previously been adversely decided to the Indemnified Person pursuant to the contest provisions of this Section unless there shall have been a change in the law (including, without limitation, amendments to statutes or regulations, court decisions or administrative rulings) and such Indemnified Person shall have received an opinion of independent tax counsel selected by the Indemnified Person and reasonably satisfactory to Lessee, furnished at the Lessee's expense, to the effect that such change is favorable to the position which such Indemnified Person or the Lessee, as the case may be, had asserted in such previous contest and as a result of such change, there is a reasonable basis to contest such claim.

If the contest of a claim shall be required to be undertaken pursuant to the terms of this Section 26(a), then the Lessee's liability with respect to such claim shall become fixed and the payment described above due within 30 days of a "Final Determination" of such claim. A "Final Determination" shall mean (i) a decision, judgment, decree or other order by any court of

competent jurisdiction, which decision, judgment, decree or other order has become final after all allowable appeals by either party to the action have been exhausted or the time for filing such appeal has expired, (ii) a closing agreement or any other settlement agreement entered into in connection with an administrative or judicial proceeding and, if required, with the consent of the Lessee, (iii) the expiration of the time for instituting suit with respect to the claimed deficiency or (iv) the expiration of the time for instituting a claim for refund, or if such a claim was filed, the expiration of the time for instituting suit with respect thereto.

Within 15 days following the Lessee's receipt of any computation from an Indemnified Person, the Lessee may request that the accounting firm that regularly prepares the certified financial statements of the Indemnified Person determine whether such computations of the Indemnified Person are correct. Such accounting firm shall be required to make the determination contemplated by this paragraph within 30 days of its selection. In the event such accounting firm shall determine that such computations are incorrect, then such firm shall determine what it believes to be the correct computations. The Indemnified Person shall cooperate with such accounting firm and supply it (for their own confidential use and not to be disclosed to the Lessee or any other Person) with all such information necessary to permit it to accomplish such determination. All reasonable fees and expenses of the accounting firm shall be borne by the Lessee, unless the calculation prepared by the accounting firm differs in favor of the Lessee from the calculation prepared by the Indemnified Person by the greater of $5,000 or 5% of the amount initially calculated by the Indemnified Person, in which event such fees and expenses will be borne in full by the Indemnified Person.

With respect to any payment or indemnity hereunder, such payment or indemnity shall include an amount sufficient to hold each Indemnified Person harmless on an After-Tax Basis from all taxes required to be paid with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in or of the United States, or under the laws of any taxing authority or governmental subdivision in or of a foreign country. If any Indemnified Person actually realizes and recognizes a tax benefit by reason of a payment or indemnity made by Lessee, whether by way of deduction, credit, allocation, apportionment or otherwise, to the extent such tax benefit was not otherwise taken into account in calculating Lessee's indemnity obligation, such Indemnified Person shall pay to the Lessee an amount equal to the sum of such tax benefit plus any net tax benefit realized as the result of any payment made pursuant to this proviso, when, as, if and to the extent realized. In addition, upon receipt by an Indemnified Person of a refund or credit of all or part of any Impositions paid or indemnified against by Lessee,

such Indemnified Person shall pay to Lessee an amount equal to the amount of such refund plus any interest properly attributed to such refund or credit and received by or credited to such Indemnified Person, increased or decreased, as the case may be, by the Indemnified Person's net additional or saved taxes attributable to the receipt of such amounts from the taxing authority and the payment being made to the Lessee hereunder. No payment shall be due to Lessee hereunder (i) if at the time such payment shall be due to the Lessee a Default or an Event of Default shall have occurred and be continuing under this Lease, in which event such amount shall not be payable until such Default or Event of Default shall have been cured, or (ii) if the amount which such Indemnified Person would be required to pay to the Lessee shall exceed the amounts which the Lessee has theretofore paid such Indemnified Person hereunder with respect to such indemnity; provided that with respect to any such excess, such excess shall instead be carried forward and shall reduce the Lessee's obligations to make subsequent payments under this Section 26(a) with respect to such Indemnified Person. The Indemnified Person shall in good faith take efforts in filing its returns and other governmental filings and in dealing with taxing authorities to seek and claim any such benefits or refunds and to minimize the Impositions indemnifiable by Lessee under this Section, in each case consistent with and taking into account the Indemnified Person's overall tax position.

Any Impositions that are imposed on any Indemnified Person as a result of the disallowance or reduction of any tax benefit referred to in the previous paragraph as to which such Indemnified Person was obligated to make the payment to Lessee required hereby or which was otherwise taken into account in calculating Lessee's indemnity obligation (including the expiration of any tax credit carryovers or carrybacks of such Indemnified Person that would not otherwise have expired) shall be treated as an Imposition for which Lessee in obligated to indemnify such Indemnified Person pursuant to the provisions of this Section 26(a) without regard to the exclusion provision set forth in clause (i) and without regard to the contest provisions of this Section if the matter that would be at issue in such a contest in a taxing jurisdiction would be the only issue that would require that the applicable taxable year of the Indemnified Person in such taxing jurisdiction remain open.

In the event any reports or returns with respect to Impositions are required to be made, the Lessee will either prepare and file such reports or returns or, if it shall not be permitted to file the same or if an Indemnified Person has notified Lessee that such Indemnified Person intends to file such report or return, Lessee will notify each Indemnified Person of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnified Person and deliver the same to each indemnitee within a reasonable period prior to the date the same is to be filed. The Lessee shall provide such information as

the Lessor or the Lessor may reasonably require from the Lessee to enable the Lessor and the Lessor to fulfill their respective tax filing, tax audit and tax litigation obligations.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 26(a), such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

For purposes of applying this Section 26(a) with respect to any Imposition, the term "Lessor" shall include the Lessor and its successors and assigns and each member of any affiliated group of corporations with which the Lessor files consolidated or combined tax returns relating to such Imposition.

b. General Indemnification and Waiver of Certain Claims.

i. Claims Defined. For the purposes of this Section 26(b), "Claims" shall mean any and all costs, expenses, liabilities, obligations, losses, damages, fines, penalties, proceedings, actions, suits, judgments or claims of whatsoever kind or nature (whether or not on the basis of negligence, strict or absolute liability or liability in tort), without any limitation as to amount, which may be imposed on, incurred by, suffered by, or asserted against an Indemnified Person or any Unit and shall include, but not be limited to, all reasonable out-of-pocket costs, disbursements and expenses (including legal fees and expenses and costs of investigation and costs of responding to legal proceedings, subpoenas and informal investigative demands including, without limitation, costs and expenses incurred in bankruptcy proceedings) paid or incurred by an Indemnified Person in connection therewith or related thereto.

ii. Indemnified Person Defined. For the purposes of this Section 26, "Indemnified Person" means the Lessor and each of its directors, officers, employees, successors and permitted assigns, agents, servants and Affiliates.

iii. Claims Indemnified. Whether or not any Unit is accepted under this Lease, or the Closing occurs with respect thereto, and subject to the exclusions stated in paragraph (d) below, the Lessee agrees to indemnify, protect, defend and hold harmless, on an After-Tax Basis, each Indemnified Person against Claims resulting from or arising out of (whether or not such Indemnified Person shall be indemnified as to such Claim by any other Person):

(1) this Lease or any other Operative Agreement or any of the transactions contemplated hereby and thereby or the ownership, acquisition, lease, operation, possession, modification, improvement, abandonment, use, non-use, maintenance, preparation, sublease, rental, financing, refinancing, delivery, substitution, control, repair, storage, alteration, transfer or other application or disposition, return, overhaul, transportation, importation, exportation, testing or registration of any Unit (including, without limitation, injury, death or property damage of passengers, shippers or others and environmental matters, including, without limitation, environmental control, noise and pollution regulations, discharge, spillage, release or escape of Hazardous Substances or other damage to the environment (including clean-up costs, response costs and costs of corrective action)), whether or not in compliance with the terms of this Lease;

(2) the construction, manufacture, design, purchase, acceptance, rejection, delivery, non-delivery or condition of any Unit (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement);

(3) any act or omission (whether negligent or otherwise) or any breach of or failure to perform or observe, or any other noncompliance with, any covenant, condition or agreement to be performed by, or other obligation of, the Lessee under any of the Operative Agreements, or the falsity of any representation or warranty of the Lessee in any of the Operative Agreements or in any document or certificate delivered in connection therewith;

(4) any violation of law, rule, regulation or order by the Lessee or any sublessee or their respective directors, officers, employees, agents or servants;

(5) the imposition of any Lien on any Unit, other than Lessor's Liens;

(6) the offer, sale or delivery of any interest in the Units;

(7) the transactions contemplated hereby and by the other Operative Agreements being deemed to result in a "prohibited transaction" within the meaning of Sections 406(a) or (b) of ERISA or Sections 4975(a) or (b) of the Code by reason of Section 4975(c)(1) of the Code;

(8) the conversion and refurbishment of any Unit; or

(9) the financing or refinancing by the Lessee or any of its Affiliates of any Unit.

iv. Claims Excluded. The following are excluded from the agreement to indemnify under this Section 26(b):

(1) Claims with respect to any Unit to the extent attributable to acts or events occurring after (and not attributable to events or conditions existing prior to) (A) in the case of the consummation by the Lessee of a purchase option with respect to such Unit under Section 16 of this Lease or a Casualty Occurrence with respect to such Unit under Section 14 of this Lease, the payment of all amounts due from the Lessee in connection with any such event or (B) in all other cases, the last to occur of (x) with respect to such Unit, the earlier to occur of the termination of this Lease or the expiration of the Lease Term and (y) with respect to each Unit, the return of such Unit to the Lessor in accordance with the terms of this Lease (it being understood that, so long as any Unit is in storage as provided in Section 19 of this Lease, the date of return thereof for the purpose of this clause (i) shall be the last day of the Storage Period);

(2) Claims which are Taxes, whether or not the Lessee is required to indemnify therefor under Section 26(a) of this Lease;

(3) with respect to any particular Indemnified Person, Claims to the extent attributable to the gross negligence or wilful misconduct of (other than gross negligence or wilful misconduct imputed as a matter of law to such Indemnified Person solely by reason of its interest in the Equipment) such Indemnified Person; and

(4) with respect to any particular Indemnified Person, Claims to the extent attributable to the breach of any representation or warranty made by such Indemnified Person in any of the Operative Agreements.

v. Insured Claims. In the case of any Claim indemnified by the Lessee hereunder which is covered by a policy of insurance maintained by the Lessee pursuant to Section 15 of this Lease or otherwise, each Indemnified Person agrees to provide reasonable cooperation to the insurers in the exercise of their rights to investigate, defend or compromise such Claim as may be required to retain the benefits of such insurance with respect to such Claim.

vi. Claims Procedure. An Indemnified Person shall, after obtaining actual knowledge thereof, promptly notify the Lessee of any Claim or threatened Claim as to which indemnification

is sought (unless the Lessee theretofore has notified such Indemnified Person of such Claim); provided, however, that the failure to give such notice shall not release the Lessee from any of its obligations under this Section 26, except to the extent that failure to give notice of any action, suit or proceeding against such Indemnified Person shall result in the Lessee's loss of the right to defend such Claim. Subject to the provisions of the following paragraph, the Lessee shall at its sole cost and expense be entitled to control, and shall assume full responsibility for, the defense of such Claim; provided that the Lessee shall keep the Indemnified Person which is the subject of such proceeding fully apprised of the status of such proceeding and shall provide such Indemnified Person with all information with respect to such proceeding as such Indemnified Person shall reasonably request. Upon the request of the Lessee, the Indemnified Person which is the subject of any Claim will cooperate in all reasonable respects, at the expense of the Lessee, in the defense thereof.

Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to control and assume responsibility for the defense of such Claim if (1) a Default or Event of Default shall have occurred and be continuing, unless the Indemnified Person otherwise consents in writing, (2) such proceeding involves any material danger of the sale, forfeiture or loss of, or the creation of any Lien (other than any Permitted Lien) on, any Unit of Equipment, (3) the amounts involved, in the good faith opinion of such Indemnified Person, are likely to have a materially adverse effect on the business of such Indemnified Person other than the ownership, leasing and financing of the Equipment, (4) in the good faith opinion of such Indemnified Person, there exists an actual or potential conflict of interest such that it is advisable for such Indemnified Person to retain control of such proceeding or (5) such claim or liability involves the possibility of criminal sanctions or liability to such Indemnified Person. In the circumstances described in clauses (1) through (5), the Indemnified Person shall be entitled to control and assume responsibility for the defense of such claim or liability at the reasonable expense of the Lessee. In addition, any Indemnified Person may participate in any proceeding controlled by the Lessee pursuant to this Section 26(b), at its own expense in respect of any such proceeding as to which the Lessee shall have acknowledged in writing its obligation to indemnify the Indemnified Person pursuant to this Section 26(b), and at the expense of Lessee in respect of any such proceeding as to which the Lessee shall not have so acknowledged its obligation to the Indemnified Person pursuant to this Section 26(b); provided, however, that the Indemnified Person shall bear such expense in the event it is clearly and unambiguously determined that Lessee does not have any obligation to indemnify such Indemnified Person in respect of such proceeding. The Lessee may in any event, subject to the foregoing, participate in all such proceedings at its own cost. Nothing contained in this Section 26(b)(vi) shall be deemed

to require an Indemnified Person to contest any Claim or to assume responsibility for or control of any judicial proceeding with respect thereto.

vii. Subrogation. If a Claim indemnified by the Lessee under this Section 26(b) is paid in full by the Lessee and/or an insurer under a policy of insurance maintained by the Lessee, or if payment of the Claim has otherwise been provided for in full in a manner reasonably satisfactory to the Indemnified Person, the Lessee and/or such insurer, as the case may be, shall be subrogated to the extent of such payment (or provision) to the rights and remedies of the Indemnified Person (other than under insurance policies maintained by such Indemnified Person) on whose behalf such Claim was paid (or provided for) with respect to the act or event giving rise to such Claim. Upon the request of the Lessee, the Indemnified Person which is the subject of any Claim in respect of which the Lessee may have subrogation rights, will cooperate in all reasonable respects at the expense of the Lessee, in the defense thereof. So long as no Event of Default shall have occurred and be continuing, should an Indemnified Person receive any refund, in whole or in part, with respect to any Claim paid by the Lessee hereunder, it shall promptly pay over the amount refunded (but not in excess of the amount the Lessee or any of its insurers has paid in respect of such Claim paid or payable by such Indemnified Person on account of such refund) to the Lessee.

viii. Waiver of Certain Claims. The Lessee hereby waives and releases any Claim (except Claims excluded under Section 26(b)(iv)) now or hereafter existing against any Indemnified Person arising out of death or personal injury to personnel of the Lessee (including its directors, officers, employees, agents and servants), loss or damage to property of the Lessee or its Affiliates, or the loss of use of any property of the Lessee or its Affiliates, which may result from or arise out of the condition, use or operation of the Equipment during the Lease Term, including, without limitation, any latent or patent defect whether or not discoverable.

c. Federal and State Income Tax Indemnity.

i. Assumptions. The parties hereto have entered into the transactions contemplated in this Lease based upon the following income tax assumptions:

(1) The Lessor will be treated as the owner of each Unit for federal and state income tax purposes and entitled to all federal and state income tax benefits available to such an owner;

(2) The Lessor will have an unadjusted basis in the Equipment for federal and state income tax purposes as

specified in the Lease Supplement (the "Unadjusted Basis") as of the Closing Date;

(3) The Lessor will be entitled to claim for federal and state income tax purposes depreciation deductions with respect to its Unadjusted Basis commencing in the year of the Closing Date, computed in accordance with the method of computation as specified in the Lease Supplement (such depreciation deductions being referred to as the "Depreciation Deductions");

(4) The Lessor will be a domestic corporation subject to the marginal federal income tax and effective state income tax rates as specified in the Lease Supplement in the year of the Closing Date and in each year thereafter; and

(5) At all times during the term of this Lease (including any renewal terms), this Lease will constitute a "true lease", and the Lessor will be treated as the purchaser, owner and lessor of the Equipment.

ii. Lessee's Indemnities. If as a result of (i) any act by the Lessee, any Affiliate of the Lessee or any Person in possession of any Unit (other than a "Permitted Act" as defined below), (ii) any failure of Lessee, any Affiliate of Lessee or Person in possession of any Unit to act (other than a Permitted Act), (iii) any misrepresentation of the Lessee or the Seller in any Operative Agreement or (iv) any Event of Default (any of such (i), (ii), (iii) or (iv) being referred to herein as a "Lessee Act"), the Lessor shall suffer a disallowance of, shall suffer a delay in obtaining, shall be required to recapture or shall not be entitled to obtain all or any portion of the Depreciation Deductions (a "Loss"), then Lessee agrees to pay Lessor, based on the Assumptions set forth above and in accordance with the timing of payment and contest provisions (but not the exclusions) set forth in Section 26(a) of this Lease, a sum which shall be equal, on an After-Tax Basis, to the additional income taxes paid or payable by Lessor as result of the Loss, together with any interest or penalty which may be assessed in connection with any of the foregoing.

iii. Lessee shall not be required to pay Lessor the additional monies pursuant to this paragraph, if the Loss shall primarily result because of the occurrence of any of the following events: (i) Lessor shall fail to claim such Depreciation Deductions in its income tax returns of the appropriate year or shall fail to follow the proper procedure in claiming such Depreciation Deductions; (ii) Lessor shall fail to have sufficient income to benefit from the Depreciation Deductions; (iii) Lessor shall at any time when no Event of Default has occurred and is continuing, without the written consent of Lessee, voluntary or involuntary transfer legal title to the Equipment or any Unit to

another where such transfer by Lessor is the direct cause of such Loss; (iv) Any change after the Closing Date in the Code or Treasury Department regulations promulgated thereunder, or in any revenue ruling or revenue procedures issued by the Treasury Department or the Internal Revenue Service; (v) The application of the mid-quarter convention under Section 168(d)(3) of the Code or the "Short-taxable Years rules" to the extent of a resulting increase in Lessee's indemnity obligations hereunder; and (vi) The failure, for federal or state income tax purposes, of: (A) this Lease to be a "true lease" and (B) the Lessor to be the owner of the Equipment; other than, in each case, as a result of a Lessee Act.

iv. For purposes of this Section 26(c), the term Lessor shall include the Lessor and its successors and assigns, and each member of any affiliated group of corporations with which the Lessor files consolidated or combined tax returns. For purposes of this Section 26(c), only the following constitute a "Permitted Act" (i) the execution and delivery of the Operative Agreements and (ii) any act or failure to act that is expressly required or expressly permitted by the Operative Agreements, except that the following acts shall not be treated as required or expressly permitted by the terms of the Operative Agreements for purposes of this definition: (A) any repairs, replacements, substitutions, alterations, modifications, additions, improvements, subleasing, pooling, assignment, relinquishment of possession, taking, or temporary removal from service of the Equipment (or any part thereof) or the receipt of any warranty, insurance or requisition proceeds, (B) any use of the Equipment or any portion thereof predominantly outside the United States within the meaning of section 168(g)(1)(a) of the Code, and (C) any use or action that results in the Equipment or any portion thereof constituting "tax-exempt use property" within the meaning of section 168(h) of the Code.

v. If the Lessee makes a payment to the Lessor pursuant to this Section 26(c), the Lessor shall pay to the Lessee from time to time as realized by the Lessor (or any Affiliate or successor) the amount of any reduction in federal or state income tax payable by the Lessor as a consequence or by reason of such Loss, plus any net tax benefit realized as the result of any payment made pursuant to this sentence, when, as, if and to the extent realized provided, however, that no payment shall be due to Lessee hereunder (i) if at the time such payment shall be due to the Lessee a Default or an Event of Default shall have occurred and be continuing under this Lease, in which event such amount shall not be payable until such Default or Event of Default shall have been cured, or (ii) if the amount which the Lessor would be required to pay to the Lessee shall exceed the amounts which the Lessee has theretofore paid to the Lessor hereunder with respect to such indemnity; provided that with respect to any such excess, such excess shall instead be

carried forward and shall reduce the Lessee's obligations to make subsequent payments under this Section 26(c).

vi. All of Lessor's and Lessee's rights, privileges and indemnities contained in this Section 26(c) shall survive the expiration or other termination of this Lease and the rights, privileges and indemnities contained herein are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns against the Lessee, its successors and assigns.

SECTION 27. MISCELLANEOUS.

a. Survival. All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on the behalf of any such party under this Lease, shall be considered to have been relied upon by each other party hereto and shall survive the consummation of the transactions contemplated hereby on the Closing Date regardless of any investigation made by any such party or on behalf of any such party.

b. Notices. Unless otherwise expressly specified or permitted by the terms of this Lease, all communications and notices provided for herein shall be in writing, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, three days after being so deposited in the United States mail, or (c) in the case of notice by facsimile transmission, upon transmission thereof, provided such transmission is promptly confirmed (which confirmation may be mechanical), in each case addressed to each party hereto at its address sat forth below or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto:

If to the Lessee:

Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604
Attention: Mark J. Garrette,
Vice President
Facsimile: (312) 431-5125
Confirmation No.: (312) 431-5080

with a copy to:

Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604
Attention: Linda J. Battan,
Director-Legal and Fleet
Administration

Facsimile: (312) 431-5003
Confirmation No.: (312) 431-5109

If to the Lessor: Norlease, Inc.
50 South LaSalle Street
Chicago, Illinois 60675
Attention: President
Facsimile: (312) 630-1448
Confirmation No.: (312) 444-5770

with a copy to: The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60675
Attention: Legal Department
Facsimile: (312) 630-1596
Confirmation No.: (312) 630-6000

c. Successors and Assigns. This Lease shall be binding upon the parties hereto and their respective successors and permitted assigns and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns to the extent permitted by and in accordance with the terms of this Lease. Except as expressly provided herein or in the other Operative Agreements, the Lessee may not assign its interests herein without the written consent of the Lessor.

d. Business Day. Notwithstanding anything herein or in any other Operative Agreement to the contrary, if the date on which any payment is to be made pursuant to this Lease or any other Operative Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day, without interest thereon, with the same force and effect as if made on the date when such payment is due. If such payment is made by the Lessee it shall be Supplemental Rent.

e. GOVERNING LAW. THIS LEASE SHALL BE IN ALL RESPECTS GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW, OF, AND ENFORCED WITHIN THE JURISDICTION OF, THE STATE OF ILLINOIS; PROVIDED HOWEVER, THAT THE PARTIES HERETO SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY ANY APPLICABLE FEDERAL STATUTE, RULE OR REGULATION.

f. Severability. Any provision of this Lease which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions thereof, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which

renders any provision of this Lease unenforceable in any respect. Any waiver of the terms of this Lease shall be effective only if in writing and signed by Lessor in the specific instance and for the specific purpose given.

g. Time of the Essence. Time is of the essence in this Lease.

h. Counterparts. This Lease may be executed in any number of counterparts, each executed counterpart constituting of an original but all together only one Agreement.

i. Heading and Table of Contents. The headings of the Sections of this Lease and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions of this Lease.

j. Amendments and Waivers. No term, covenant, agreement or condition of this Lease may be terminated, amended or compliance therewith waived (either generally or in a particular instance, retroactively or prospectively) except by an instrument or instruments in writing executed by each party against which enforcement of the termination, amendment or waiver in sought. No waiver of a single breach or default shall be deemed a waiver of any subsequent breach or default except as may be expressly agreed to in writing by the parties hereto.

k. Confidentiality. Notwithstanding anything to the contrary contained in this Agreement, each of the parties hereto agrees and each successor or assign thereto shall agree that any and all information of any kind (whether written or oral) obtained pursuant to this Lease that shall not then be or have become generally available to creditors of such party shall be kept and maintained in strictest confidence, and shall not be disclosed or disseminated to any other Person, except to (i) any regulatory agency having apparent authority to examine the portfolio, books or records of such party or those of a successor or assign of such party, (ii) in responses to any subpoena or other appropriate legal process to which such party is subject, (iii) any prospective successor or assign which has agreed with such party that, upon disclosure of such information, such prospective successor or assign shall be bound by the provisions of this Section 27(k), (iv) to the extent required by Applicable Law, as part of any filing to be made with any governmental authority pursuant to this transaction, and (v) to attorneys, accountants and financial advisors of any such party.

SECTION 28. ADDITIONAL PROVISIONS. The additional provisions, if any, contained in any addendum or Lease Supplement attached hereto or hereafter executed by the parties and delivered shall be incorporated herein by this reference and shall thereupon

become a part of this Lease to the same extent and with the same force and effect as if they had been included in this Lease prior to execution and delivery.

SECTION 29. REPORTING MARKS FOLLOWING RETURN. Except as may be otherwise set forth on any Lease Supplement attached hereto, upon the return of any Unit hereunder, the Lessor shall, as soon as practicable but no later than one (1) year following such return, (i) re-mark such Unit (or request that the Lessee re-mark such Equipment at the Lessor's expense) to delete the Lessee's reporting marks and numbers and replace them with other appropriate reporting marks, and (ii) make all appropriate filings with the ICC and the AAR to reflect such re-markings; provided that the Lessor may continue during such one-year period to use the Lessee's reporting marks on any redelivered Units and the Lessee shall (A) collect all AAR car hire earnings, (B) pay repair bills and maintenance fees, (C) audit AAR car hire earnings and AAR repair bills for such Units, and (D) pay over to the Lessor all care hire earnings and depreciated value payments for such redelivered Units minus the sum of (x) all accrued maintenance and repair costs on such redelivered Units as of yet unpaid by the Lessor, (y) all ad valorem property taxes assessed against each such redelivered Unit, and (z) a fee of fifteen dollars ($15) per Unit per month or the prevailing monthly market rate in effect from time to time, whichever is greater, for each month a redelivered Unit retains the Lessee's registry marks.

SECTION 30. REPORTS AND OTHER INFORMATION. So long as the Lessee has any obligations under or pursuant to this Lease, the Lessee will furnish (or cause to be furnished) to the Lessor:

a. Immediately upon learning of the occurrence of any of the following, written notice describing the same and the steps being taken by the Lessee or any Subsidiary affected in respect thereof: (i) the occurrence of an Event of Default or of any event or condition that would become such an Event of Default with notice or the passage of time or both; (ii) the institution of, or any adverse determination in, any litigation, arbitration or governmental proceeding which would, if adversely determined, have a material adverse effect on the ability of the Lessee to perform its obligations under the Operative Agreements; and (iii) any incident involving any Unit alleging personal injury or property damage (including damage to the environment) which may involve damages or costs of remediation to Lessee in an amount which would have a material adverse effect on the ability of the Lessee to perform its obligations under the Operative Agreements; and

b. From time to time such other information, financial or otherwise, concerning the Lessee or any Subsidiary as the Lessor may reasonably request.

SECTION 31. LESSEE'S RIGHT OF QUIET ENJOYMENT. For so long as no Event of Default has occurred and is continuing, the Lessor shall not take, or cause to be taken, any action contrary to the Lessee's rights under this Lease, including, without limitation, the right to possession and use by the Lessee or any permitted sublessee of the Equipment.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed and delivered at Chicago, Illinois as of the day and year first above written.

LESSOR:

NORLEASE, INC.

By: _____
Name:
Title: VICE PRESIDENT

LESSEE:

UNION TANK CAR COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed and delivered at Chicago, Illinois as of the day and year first above written.

LESSOR:

NORLEASE, INC.

By:_____
Name:
Title:

LESSEE:

UNION TANK CAR COMPANY

By: J Marty Garrett
Name:
Title:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 28th day of December, 1994, before me personally appeared Eric G. Parker, to me personally known, who being by me duly sworn, says that he is the Vice President of NORLEASE, INC., 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.

Peggy Nardi
Notary Public

[NOTARIAL SEAL]

My commission expires: 9/17/96

"OFFICIAL SEAL"
PEGGY NARDI
Notary Public, State of Illinois
My Commission Expires Sept. 17, 1996

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 28th day of December, 1994, before me personally appeared Mark J. Gavette, to me personally known, who being by me duly sworn, says that he is the Vice President of UNION TANK CAR COMPANY, 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.

Peggy Nardi
Notary Public

[NOTARIAL SEAL]

My commission expires: 9/17/96

"OFFICIAL SEAL"
PEGGY NARDI
Notary Public, State of Illinois
My Commission Expires Sept. 17, 1996

EXHIBIT A

Form of Lease Supplement

LEASE SUPPLEMENT NO. ____

This LEASE SUPPLEMENT No. ___ is dated _____, ____ between NORLEASE, INC., a Delaware corporation ("Lessor"), and UNION TANK CAR COMPANY, a Delaware corporation ("Lessee"), and supplements that certain EQUIPMENT LEASE AGREEMENT dated as of December 29, 1994 (the "Lease") between Lessor and Lessee.

Unless the context otherwise requires, all capitalized terms used herein without definition shall have the respective meanings set forth in Appendix A to the Lease for all purposes of this Lease Supplement.

EQUIPMENT
LEASED: As described on Schedule 1 attached hereto.

BASIC TERM COMMENCEMENT DATE:

BASIC TERM EXPIRATION DATE:

CLOSING DATE:

OPERATIVE AGREEMENTS:

SUBLEASE:

UNADJUSTED BASIS: $_____.

METHOD OF COMPUTATION
OF DEPRECIATION DEDUCTIONS:

MARGINAL FEDERAL INCOME TAX RATE:

EFFECTIVE STATE INCOME TAX RATE:

RENT: The Lessee hereby agrees to pay the Lessor as Basic Rent for each Unit throughout the Basic Term applicable thereto Basic Rent in consecutive monthly installments, in arrears, payable on each Rent Payment Date. Each such monthly payment of Basic Rent shall be in an amount equal to the amount of Basic Rent set forth opposite such Rent Payment Date on Schedule 2 attached hereto.

CASUALTY VALUE: In the event the Casualty Value of an Unit is to be determined as of a date prior to the Basic Term Commencement Date with respect to such Unit

(whether because of a Casualty Occurrence as described in Section 14(a) of the Lease, or otherwise), such Casualty Value shall be an amount equal to the sum of (i) the Cost of the Equipment in respect of such item, (ii) plus all Basic Rent and other Rent thereon due, accrued or owing to the date of payment. In the event the Casualty Value of an Unit is to be determined as of or subsequent to the Basic Term Commencement Date with respect to such Unit, such Casualty Value shall be an amount equal to (i) the amount set forth opposite the Rent Payment Date on which such Casualty Value is payable pursuant to Section 14(b) of the Lease plus (ii) the amount of Basic Rent for such Unit due on such Rent Payment Date. The Casualty Value is payable in addition to Supplemental Rent due or accrued, if any, and other fees which may be due under the Lease to the date such payment is to be made and does not include any amounts for which Lessor may be entitled to indemnification under Section 26 of the Lease. No further Basic Rent shall accrue in respect to such Unit after the date payment of such Casualty Value is due.

ACCEPTANCE: Lessee has inspected and accepted the Equipment, as set forth in Section 2 of the Lease, and acknowledges that Lessor makes no representations or warranties as to the Equipment.

COUNTERPARTS: This Lease Supplement No. __ may be executed in any number of counterparts, each executed counterpart constituting of an original but all together only one Lease Supplement No. __.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement No. __ to be duly executed and delivered at _____ _____ on the day and year first above written.

LESSOR:

NORLEASE, INC.

By:_____
Name:
Title:

LESSEE:

UNION TANK CAR COMPANY

By:_____
Name:
Title:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this _____ day of _____, ____, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of NORLEASE, INC., 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 ILLINOIS)
) SS
COUNTY OF COOK)

On this _____ day of _____, ____, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of UNION TANK CAR COMPANY, 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:_____

SCHEDULE 1

Description of Units

SCHEDULE 2

Basic Rent per Unit

SCHEDULE 3

Casualty Values

APPENDIX A
to Equipment Lease Agreement

DEFINITIONS

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require and such meanings shall be equally applicable to both the singular and the plural forms of the terms herein defined. In the case of any conflict between the provisions of this Appendix A and the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, references (i) to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented and otherwise modified from time to time, in accordance with the terms thereof, and (ii) to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Defined Terms

"AAR" shall mean the Association of American Railroads.

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the term "controlled" shall have a meaning correlative to the foregoing.

"After-Tax Basis" shall mean, with respect to any payment received or deemed for income tax purposes to have been received by any Person, the amount of such payment supplemented by a further payment to that Person so that the sum of the two payments, after deduction of all taxes (calculated based on the assumption that such taxes are payable at the highest marginal statutory rates applicable for the relevant period and taking into account at such rates any current credits or deductions arising therefrom or from the expense or liability for which the underlying payment is made)

resulting from the receipt or accrual (actual or constructive) of such two payments imposed under any Applicable Law or by a Governmental Authority, shall be equal to the payment received or deemed to have been received.

"Applicable Law" shall mean all applicable laws, Environmental Laws, statutes, treaties, rules, codes, ordinances, regulations, certificates, orders, interpretations, licenses and permits of any Governmental Authority 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 (including, without limitation, those pertaining to health, safety or the environment).

"Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of the Closing Date between the Lessee and the Lessor.

"Basic Rent" shall mean, with respect to any Unit of Equipment, all scheduled rent payable by Lessee to the Lessor pursuant to Section 3(b) of the Lease for the Basic Term for such Unit, and all scheduled rent payable pursuant to Section 17 of the Lease for any Renewal Term for such Unit.

"Basic Term" shall have the meaning specified in Section 3(a) of the Lease.

"Basic Term Commencement Date" is specified in the applicable Lease Supplement.

"Basic Term Expiration Date" is specified in the applicable Lease Supplement.

"Bill of Sale" shall mean a bill of sale, dated the Closing Date or the Delivery Date, from the Lessee to the Lessor covering the Units delivered on the Closing Date or the Delivery Date, substantially in the form of Exhibit B to the Asset Purchase Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in Chicago, Illinois.

"Casualty Occurrence" shall have the meaning specified in Section 14(a) of the Lease.

"Casualty Value" shall mean, for any Unit, the amount determined in accordance with the provisions entitled "Casualty Value" set forth in the applicable Lease Supplement. To the extent that an event giving rise to an obligation to pay any Casualty Value occurs, and the actual date on which such event is deemed to occur for tax purposes shall be earlier or later than the date assumed in calculating the Federal income tax consequences

reflected in the applicable Casualty Value, such Casualty Value shall be appropriately adjusted to reflect such actual date, but shall be otherwise based on the original assumptions used in determining such Casualty Value.

"Claims" shall have the meaning specified in Section 26(b)(i) of the Lease.

"Closing" shall have the meaning specified in Section 2(c) of the Lease.

"Closing Date" is specified in the applicable Lease Supplement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Default" or "Lease Default" shall mean an event which with notice or lapse of time or both would become an Event of Default.

"Delivery Date" shall mean the date on which the Bill of Sale for the Units identified in Part II of Exhibit A to the Asset Purchase Agreement is delivered pursuant to Section 1.04 of the Asset Purchase Agreement, but not later than December 18, 1995.

"Depreciation Deduction" shall have the meaning specified in Section 26(c)(i)(3) of the Lease.

"DOT" shall mean the United States Department of Transportation, or any successor thereto.

"Environmental Laws" shall mean all permits, laws, statutes, rules, regulations, ordinances, and judicial and administrative decrees, decisions, rulings, judgments and orders of United States and Canadian federal, state, provincial and local governmental bodies having jurisdiction thereof, guidelines and rules of common law now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof, which relate to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land, surface or subsurface strata, wildlife, aquatic species and vegetation), including, without limitation, all such laws and regulations relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the workplace, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, discharge, release, transport or handling of Hazardous Substances.

"Equipment" shall mean collectively those items of railroad rolling stock described in the applicable Lease Supplement,

together with any and all accessions, additions, improvements, substitutions and replacements from time to time incorporated or installed in any item thereof which are the property of the Lessor pursuant to the terms of a Bill of Sale or the Lease.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the Lessor to the Lessee pursuant to Section 1.03 of the Asset Purchase Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law.

"Escrow Agent" shall mean The Northern Trust Company, an Illinois banking corporation, and its successors and assigns.

"Escrow Agreement", if specified as an Operative Agreement in the applicable Lease Supplement, shall mean the Escrow Agreement dated as of the Closing Date among the Escrow Agent, the Lessee and the Lessor.

"Event of Default" or "Lease Event of Default" shall mean an Event of Default under the Lease as specified in Section 22 thereof.

"Fair Rental Value" or "Fair Market Value", with respect to any Unit of Equipment, shall mean the cash rent or cash price obtainable for such Unit in an arm's length lease or sale between an informed and willing lessee or purchaser (other than a lessee or purchaser currently in possession) under no compulsion to lease or purchase, as the case may be, an informed and willing lessor or seller, under no compulsion to lease or sell, as the case may be, such determination to be made (i) on the assumption that such Unit of Equipment is in at least the condition and state of repair required by the Lease (other than in respect of any determination made in connection with Section 22 of the Lease), (ii) with respect to Fair Rental Value, on the basis of a lease having terms and conditions (other than Rent and renewal and purchase options) similar to the terms and conditions of the Lease and (iii) on the assumption that such Unit of Equipment is not subject to the Lease or any other lease or sublease, as the same shall be specified by agreement between the Lessor and the Lessee, or, if the Lessor and the Lessee shall be unable to agree upon such a determination within 30 days following a request by either such party therefor, "Fair Rental Value" and "Fair Market Value" shall be determined pursuant to Section 18 of the Lease. Notwithstanding any of the foregoing, for the purposes of Section 22 of the Lease, the Fair Rental Value or the Fair Market Value, as the case may be, shall be zero with respect to any Unit if the Lessor is unable to recover possession of such Unit in accordance with the terms of Section 22 of the Lease.

"Final Determination" shall have the meaning specified in Section 26(a) of the Lease.

"Governmental Authority" shall mean any federal, state, county, municipal or other local or foreign governmental authority or judicial or regulatory agency, board, body, commission, instrumentality, court or quasi-governmental authority from time to time having jurisdiction over any Unit or any Person that is a party to any Operative Agreement, any property of any of them or any of the transactions contemplated by any Operative Agreement.

"Hazardous Substances" shall mean (i) petroleum and petroleum wastes; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) any hazardous or toxic substances, chemicals, pollutants, contaminants, materials or wastes, including, without limitation, those substances, chemicals, pollutants, contaminants, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR part 302), as each hereafter is amended; and (v) without limiting the foregoing clause (iv), such substances, chemicals, pollutants, contaminants, materials and wastes which are or become regulated under any applicable local, state or federal law, including, without limitation, any materials, chemicals, pollutants, contaminants, waste, or substance which is (a) defined as a "hazardous material", "hazardous substance" or "hazardous waste" under applicable state laws, (b) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, (c) defined as "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, or (d) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act.

"Holdover Rent" shall have the meaning specified in Section 19(c)(iii) of the Lease.

"ICC" shall mean the Interstate Commerce Commission of the United States, or any successor agency.

"Imposition" shall have the meaning specified in Section 26(a) of the Lease.

"Indemnified Person" shall have the meaning specified in Section 26(b)(ii) of the Lease.

"Interchange Rules" shall mean the interchange rules or supplements thereto of the Mechanical Division of the Association of American Railroads (or any successor organization), as the same may be in effect from time to time.

"Late Rate" shall have the meaning ascribed to such term in Section 3(c) of the Lease.

"Lease" or "Lease Agreement" or "Equipment Lease" shall mean the Equipment Lease Agreement relating to the Equipment, dated as of the Closing Date, between the Lessor and the Lessee. Such terms shall include each Lease Supplement entered into pursuant to the terms of the Lease.

"Lease Supplement" shall mean a Lease Supplement dated the Closing Date, substantially in the form of Exhibit A to the Lease, between the Lessor and the Lessee, covering the Units delivered on the Closing Date.

"Lease Term" shall mean, with respect to any Unit, collectively, the Basic Term applicable to such Unit and any Renewal Term applicable to such Unit then in effect.

"Lease Termination Date" shall mean the last day of the Lease Term, whether occurring by reason of expiration of the Lease Term or earlier termination of the Lease in accordance with the terms thereof, after which day no Units are subject to the Lease.

"Lessee" shall mean shall mean Union Tank Car Company, a Delaware corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Act" shall have the meaning specified in Section 26(c)(ii) of the Lease.

"Lessor" shall mean Norlease, Inc., a Delaware corporation, and its successors and assigns.

"Lessor's Liens" means any Lien affecting, on or in respect of the Equipment or the Lease arising directly as a result of (i) claims against the Lessor not related to the transactions contemplated by the Operative Agreements, or (ii) acts or omissions of the Lessor not related to the transactions contemplated by the Operative Agreements or in breach of any covenant or agreement of the Lessor set forth in any of the Operative Agreements, or (iii) taxes imposed against the Lessor which (x) are not required to be indemnified against by the Lessee pursuant to the Lease or (y) are required to be indemnified against by the Lessee pursuant to the Lease and the Lessee has fully discharged its obligation to pay to, or on behalf of, the Lessor such taxes or an indemnity with respect thereto, or (iv) claims against the Lessor arising out of the transfer (whether voluntary or involuntary) by the Lessor of all or any portion of its interest in the Equipment or the Operative Agreements.

"Lien" shall mean any mortgage, pledge, security interest, lease, disposition of title or other material lien, encumbrance or charge of any kind on property.

"Limited Use Property" shall have the meaning ascribed thereto in Rev. Proc. 76-30, 1976-2 C.B. 847.

"Loss" shall have the meaning specified in Section 26(c)(ii) of the Lease.

"Modification" shall mean, when used with respect to any property, any alteration, modification, addition or improvement of or to such property, but shall not include any part or component of such property as originally constituted on the Closing Date or any replacement part or component therefor.

"Multiemployer Plan" shall mean a plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Non-Severable Modification" shall mean any Modification that is not readily removable without causing material damage to the Equipment or any Unit.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation, by the President, any Vice President, the Treasurer or an Assistant Treasurer, (ii) in the case of a partnership by the President, any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the President, any Vice President, any Trust Officer or any other officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreement" shall mean the documents specified as Operative Agreements in the applicable Lease Supplement.

"Optional Modification" shall have the meaning specified in Section 13(b) of the Lease.

"Pension Plan" shall mean a single employer plan as defined in Section 4001(a)(15) of ERISA or an individual account plan which is subject to the funding standards of Section 302 of ERISA with respect to which the Lessee or any entity required to be aggregated with the Lessee under Section 414(b), (c), (m) or (o) of the Code at any relevant time maintains, has an obligation to contribute or has liability.

"Permitted Act" shall have the meaning specified in Section 26(c)(iv) of the Lease.

"Permitted Liens" shall mean, with respect to the Equipment and each Unit thereof, (i) the interests of the Lessee and the Lessor under the Lease; (ii) the interest of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section

12 of the Lease; (iii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as (a) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession or disposition of, or diminution of value, utility or useful life of, any Unit or any interest therein, or of any interference with the payment of Rent, (b) such contest would not result in, or create or increase any risk of, the imposition of any criminal or other liability on any Indemnified Person, (c) such contest would not materially and adversely affect the rights, titles and interests of the Lessor in or to any Unit or any interest therein, and (d) appropriate reserves with respect thereto are maintained in accordance with generally accepted accounting principles; (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens (other than Liens in favor of any vendor or manufacturer of the Equipment) arising in the ordinary course of the Lessee's (or if a sublease permitted pursuant to Section 12 of the Lease is then in effect, any sublessee's) business securing obligations which are not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as (a) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession or disposition of, or diminution of value, utility or useful life of, any Unit or any interest therein, or any interference with the payment of Rent, (b) such contest would not result in, or create or increase any risk of, the imposition of any criminal or other liability on any Indemnified Person, (c) such contest would not adversely affect the rights, titles and interests of the Lessor in or to any Unit or any interest therein and (d) appropriate reserves with respect thereto are maintained in accordance with generally accepted accounting principles, provided that any such Lien in effect on the Closing Date shall have been removed no later than 180 days thereafter; (v) Liens arising out of any judgment or award against the Lessee (or any sublessee permitted pursuant to Section 12 of the Lease) with respect to which an appeal or proceeding for review is being taken in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review so long as (a) there exists no material risk of sale, forfeiture or loss of, or loss or interference with the use or possession or disposition of, or diminution of value, utility or useful life of, any Unit or any interest therein, or of any interference with the payment of Rent, (b) such contest would not result in, or create or increase any risk of, the imposition of any criminal or other liability on any Indemnified Person, (c) such contest would not adversely affect the rights, titles and interests of the Lessor in or to any Unit or any interest therein, and (d) appropriate reserves with respect thereto are maintained in accordance with generally accepted accounting principles; and (vi) salvage rights

of insurers under insurance policies required to be maintained pursuant to Section 15 of the Lease.

"Permitted Sublease" shall have the meaning specified in Section 12 of the Lease.

"Person" shall mean an individual, partnership, corporation, trust, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Redelivered Unit" shall have the meaning specified in Section 19(b) of the Lease.

"Refurbishment Agreement", if specified as an Operative Agreement in the applicable Lease Supplement, shall mean the Refurbishment Agreement dated as of the Closing Date between the Lessee and such other entity or entities as consented to in writing by the Lessor.

"Remarketing Agreement", if specified as an Operative Agreement in the applicable Lease Supplement, shall mean the Remarketing Agreement relating to the Equipment, dated as of the Closing Date, between the Lessor and the Lessee.

"Renewal Term" shall mean, with respect to any Unit, any term in respect of which the Lessee shall have exercised its option to renew the Lease for such Unit pursuant to Section 17 thereof.

"Rent" shall mean all Basic Rent and Supplemental Rent.

"Rent Payment Date" shall mean each date on which Basic Rent is payable pursuant to Schedule 1 to the applicable Lease Supplement; provided, that if any such scheduled date is not a Business Day, the applicable Rent Payment Date shall be the Business Day next preceding such scheduled date.

"Required Modification" shall have the meaning specified in Section 13(a) of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Agreement, the President, or any Vice President, Treasurer, Assistant Treasurer or other officer thereof, who in the normal performance of his or her operational responsibility would have knowledge of such matters and the requirements with respect thereto.

"Return Location" shall have the meaning specified in Section 19(a) of the Lease.

"Severable Modification" shall mean any Modification other than a Non-Severable Modification.

"Severable Optional Modification" shall mean any Severable Modification which is made pursuant to Section 13(b) of the Lease.

"Storage Period" shall have the meaning specified in Section 19(e) of the Lease.

"Subsidiary" of any Person shall mean any corporation, association, or other business entity of which more than 50% (by number of votes) of the voting stock at the time outstanding shall at the time be owned, directly or indirectly, by such Person or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including, without limitation, Termination Value and Casualty Value payments and payments pursuant to Section 26 of the Lease.

"Total Equipment Cost" shall mean the sum of the Equipment Cost for each Unit.

"Transaction Costs" shall have the meaning specified in Section 2(d)(i) of the Lease.

"Unit" shall mean each unit or item of Equipment.