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19150 A, B, C

Vertical handwritten notes on the left margin, including "Counterparts" and "J. Williams".

December 30, 1994

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

Re: Wisconsin Central Trust No. 1994-3

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) copies of each of the following documents: Equipment Lease Agreement, dated as of December 27, 1994, a primary document, and the following secondary documents related thereto: Trust Indenture and Security Agreement, dated as of December 27, 1994, Lease Supplement No. 1 and Indenture Supplement No. 1.

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

Equipment Lease Agreement
and Lease Supplement No. 1

Lessor : Wilmington Trust Company
1100 North Market Street
Wilmington, Delaware 19890

Lessee : Wisconsin Central Ltd.
6250 North River Road
Rosemont, Illinois 60618

Mr. Vernon A. Williams
December 30, 1994
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Trust Indenture and Security Agreement
and Indenture Supplement No. 1

Owner Trustee: Wilmington Trust Company
1100 North Market Street
Rodney Square North
Wilmington, Delaware 19890

Indenture Trustee: First Security Bank of Utah
79 S. Main Street
Salt Lake City, Utah 84111

A description of the railroad equipment covered by the enclosed documents is set forth on Schedule I attached to the Lease Supplement.

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

EQUIPMENT LEASE AGREEMENT 1994-3

dated as of December 27, 1994

19150

between

WILMINGTON TRUST COMPANY,
not in its individual capacity except
as expressly provided herein, but
solely as Owner Trustee,
Lessor

and

WISCONSIN CENTRAL LTD.,
Lessee.

Rebuilt Boxcars

CERTAIN OF THE RIGHT, TITLE AND INTEREST OF LESSOR IN AND TO THIS LEASE, THE UNITS COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT 1994-3, DATED AS OF DECEMBER 27, 1994 BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND LESSOR, AS DEBTOR. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM INDENTURE TRUSTEE AT ITS ADDRESS SET FORTH IN SECTION 20 OF THIS LEASE. THIS LEASE AGREEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS, BUT ONLY THE COUNTERPART TO BE DEEMED THE ORIGINAL COUNTERPART FOR CHATTEL PAPER PURPOSES CONTAINS THE RECEIPT THEREFOR EXECUTED BY FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, AS INDENTURE TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 25.2 FOR INFORMATION CONCERNING THE RIGHTS OF THE ORIGINAL HOLDER AND THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

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Attachments:

- Exhibit A Form of Lease Supplement
- Appendix A Definitions
- Schedule 1 Units

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EQUIPMENT LEASE AGREEMENT 1994-3, dated as of December 27, 1994 (this "Lease"), between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement ("Lessor"), and WISCONSIN CENTRAL LTD., a Delaware corporation ("Lessee").

In consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, Lessor and Lessee agree as follows:

SECTION 1. DEFINITIONS.

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

SECTION 2. LEASE AND DELIVERY OF UNITS.

2.1 Purchase Agreement Assignment. Lessor has acquired or will acquire the right to purchase the Units referred to below from WCL Railcars, Inc., an Illinois Corporation ("Lessee Affiliate"), pursuant to a Bill of Sale dated as of the date hereof.

2.2 Purchase and Lease. Lessor hereby agrees (subject to satisfaction or waiver of the conditions set forth in Sections 4.1, 4.2 and 4.6 of the Participation Agreement) on each Closing Date (i) to purchase the Units from Lessee Affiliate by paying the Equipment Cost of such Unit to Lessee Affiliate and/or Chicago North Western Railway Company, a Delaware corporation ("Manufacturer"), and (ii) to subject such Units to this Lease by the execution and delivery of a Lease Supplement covering such Units. Lessee hereby agrees (subject to satisfaction or waiver of the conditions set forth in Section 4.3 of the Participation Agreement) on each Closing Date to lease from Lessor on the terms and conditions set forth herein the related Units, as conclusively evidenced by the execution and delivery by Lessee and Lessor of a Lease Supplement covering such Units. Lessee hereby agrees that execution and delivery of a Lease Supplement by Lessee, without further act, irrevocably constitutes acceptance by Lessee of the Units identified in such Lease Supplement for all purposes of this Lease. All risk of loss of a Unit passes to Lessee upon the acceptance of each such Unit.

2.3 Tranche of Units. Each Unit shall be part of a tranche (a "Tranche") as follows: Units accepted on the first Closing Date (or Replacement Units substituted therefor under Section 11) shall be part of Tranche I ("Tranche I"); Units accepted in connection with the second Closing Date (or Replacement Units substituted therefor under Section 11) shall be part of Tranche II ("Tranche II"); Units accepted in connection with the third Closing

Date (or Replacement Units substituted therefor under Section 11) shall be part of Tranche III ("Tranche III"); Units accepted in connection with the fourth Closing Date (or Replacement Units substituted therefor under Section 11) shall be part of Tranche IV ("Tranche IV"); and Units accepted in connection with the fifth Closing Date (or Replacement Units substituted therefor under Section 11) shall be part of Tranche V ("Tranche V").

SECTION 3. TERM AND RENT.

3.1 Lease Term. The interim term of this Lease (the "Interim Term") for each Tranche of Units commences on the Closing Date for such Tranche of Units and expires at 11:59 P.M. (Chicago time) on the day before the Basic Term Commencement Date for such Tranche of Units. The basic term of this Lease for each Tranche of Units (the "Basic Term") commences on the Basic Term Commencement Date for such Tranche of Units and, subject to earlier termination pursuant to Sections 10, 11, 15 and 22, expires at 12:01 A.M. (Chicago time) on the Basic Term Expiration Date for such Tranche of Units. Subject and pursuant to Section 22.2, Lessee may elect one or more Renewal Terms with respect to all, but not less than all, Units.

3.2 Basic Rent. Lessee hereby agrees to pay Lessor Basic Rent for each Unit throughout the Basic Term applicable thereto in consecutive semi-annual installments payable on each Rent Payment Date. Each such semi-annual payment of Basic Rent shall be in an amount equal to the product of the Equipment Cost for such Unit multiplied by the Basic Rent percentage for such Unit set forth opposite such Rent Payment Date on Schedule 3 to the Participation Agreement applicable to such Unit (as such Schedule 3 shall be adjusted in accordance with Section 2.7 of the Participation Agreement).

Anything contained herein or in the Participation Agreement to the contrary notwithstanding, each installment of Basic Rent (both before and after any adjustment in accordance with Section 2.7 of the Participation Agreement) shall be, under any circumstances and in any event, in an amount at least sufficient for Lessor to pay in full as of the due date of such installment, any scheduled payment of principal of and interest on the Trust Certificates required to be paid by Lessor pursuant to the Indenture on such due date.

3.3 Supplemental Rent. Lessee also agrees to pay to Lessor, or to whosoever is entitled thereto, any and all Supplemental Rent, promptly as the same becomes due and owing, or where no due date is specified, promptly after demand by the Person entitled thereto, and in any event within ten Business Days after such demand, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor has all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. All Supplemental Rent (other than

payments of Stipulated Loss Value, Termination Value and EBO Prices and payments described in the next succeeding sentence, but subject to the Tax Indemnity Agreement) payable to any Tax Indemnitee shall be on an After-Tax Basis. Lessee will also pay, as Supplemental Rent, (i) on demand, to the extent permitted by applicable law, an amount equal to interest at the applicable Late Rate on any part of any installment of Basic Rent not paid when due for any period for which the same is overdue and on any payment of Supplemental Rent not paid when due or demanded, as the case may be, for the period from such due date or demand until the same is paid, and (ii) in the case of any prepayment or repayment of the Trust Certificates pursuant to the Indenture, except by reason of an Event of Loss or an Indenture Event of Default, on the date such Trust Certificates are prepaid or repaid, an amount equal to the Premium, if any, payable in connection therewith. All Supplemental Rent to be paid pursuant to this Section 3.3 is payable in the type of funds and in the manner set forth in Section 3.6.

3.4 Certain Adjustments. Lessee and Lessor agree that Basic Rents, Stipulated Loss Values, Termination Values and EBO Prices shall be adjusted to the extent provided in Section 2.7 of the Participation Agreement and Section 13 of the Tax Indemnity Agreement, in each case subject to Section 2.7(c) of the Participation Agreement.

3.5 Advance. If and to the extent that Indenture Trustee on any Interim Interest Payment Date has not received funds from Owner Trustee sufficient for the payment in full of the interest then due and owing on the related Trust Certificates, Lessee shall pay as Supplemental Rent, in one installment due on such Interim Interest Payment Date, an amount, if any, equal to such deficiency (such payment being referred to herein as an "Advance"). Lessor shall promptly reimburse Lessee for having made such Advance in an amount equal to such Advance plus interest thereon at the Late Rate for the period from the date of such Advance until Lessee has been fully reimbursed for the Advance plus interest thereon. If Lessee makes any Advance pursuant to this Section 3.5 and is not promptly reimbursed therefor by Lessor after demand for such reimbursement and if no Lease Event of Default exists, Lessee shall be entitled to offset and deduct (without duplication) against each succeeding payment or portion thereof of (i) Basic Rent (excluding the portion thereof sufficient to pay as of the payment date principal and accrued interest on the Trust Certificates required to be paid on the date such Basic Rent is paid), (ii) Supplemental Rent (to the extent such Supplemental Rent is payable to Owner Participant or to Lessor as Owner Trustee, but not to Lessor in its individual capacity and not to Indenture Trustee or any Certificate Holder), other than that portion of Supplemental Rent that is denominated as Stipulated Loss Value or Termination Value or determined by reference to Premium, or (iii) Stipulated Loss Value or Termination Value (excluding, with respect to Stipulated Loss Value or

Termination Value, the portion thereof sufficient, together with Basic Rent, if any, payable contemporaneously therewith (and not distributable to Lessor), to pay in full as of the payment date of Stipulated Loss Value or Termination Value, as appropriate, any payment of principal of and interest on the Trust Certificates required to be paid on such date), an amount equal to such Advance plus interest on such amount at the Late Rate until Lessee has been fully reimbursed for such Advance plus such interest. The amount offset with respect to each payment of Basic Rent, Supplemental Rent, Stipulated Loss Value or Termination Value shall be applied, first, to the payment of accrued but unpaid interest on such Advance to the date of such payment and, second, to the repayment of the Advance.

3.6 Manner of Payments. All Rent (other than Supplemental Rent payable to Persons other than Lessor, which is payable to such other Persons in accordance with written instructions furnished to Lessee by such Persons, unless otherwise provided in any of the Operative Agreements or required by law) shall be paid by Lessee to Lessor by transferring or delivering such amounts to the account of Owner Participant specified in Schedule 1 to the Participation Agreement (or such other account of Owner Participant as it may direct); provided, that so long as the Indenture has not been discharged pursuant to the terms thereof, Lessor hereby directs, and Lessee agrees, that all Rent (excluding Excepted Property) payable to Lessor and assigned to Indenture Trustee shall be paid directly to Indenture Trustee at the times and in funds of the type specified in this Section 3.6 at the office of Indenture Trustee at First Security Bank of Utah, National Association (ABA No. 124000012), Account No. 0510922115, CR: 32042 (Wisconsin Central Trust No. 1994-3), Attention: Corporate Trust Department, or at such other location in the United States of America as Indenture Trustee may otherwise direct. All Rent shall be paid by 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.

3.7 Net Lease, Etc. **THIS LEASE IS A NET LEASE AND LESSEE'S OBLIGATION TO PAY ALL RENT PAYABLE HEREUNDER SHALL, SUBJECT TO SECTION 3.5, BE ABSOLUTE, UNCONDITIONAL AND IRREVOCABLE AND SHALL NOT BE AFFECTED BY ANY CIRCUMSTANCE OF ANY CHARACTER WHATSOEVER, including, without limitation, (i) any set-off, abatement, counterclaim, suspension, recoupment, reduction, rescission, defense or other right that Lessee may have (other than pursuant to Section 3.5) against Lessor, Owner Participant, Indenture Trustee or any Certificate Holder, 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 or any Lien with respect thereto, (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 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 Lessee, Lessor, Owner Participant, Indenture Trustee, any Certificate Holder 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 Lessee, Lessor, Owner Participant, Indenture Trustee, any Certificate Holder 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 Lessee, Lessor, Owner Participant, Indenture Trustee, any Certificate Holder or any other Person, (vii) any failure of Indenture Trustee to perform or observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or any other Operative Agreement, or (viii) 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 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, LESSEE HEREBY WAIVES ANY AND ALL RIGHTS THAT IT MAY NOW HAVE OR THAT AT ANY TIME HEREAFTER MAY BE CONFERRED UPON IT, BY STATUTE OR OTHERWISE, CANCEL, QUIT OR SURRENDER THIS LEASE WITH RESPECT TO ANY UNIT, EXCEPT IN ACCORDANCE WITH THE EXPRESS TERMS HEREOF.** If for any reason whatsoever this Lease is terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, Lessee nonetheless agrees, subject to Section 3.5, to the maximum extent permitted by law, to pay to Lessor and/or 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 hereof had this Lease not been terminated in whole or in part. The obligations of Lessee in the immediately preceding sentence shall survive the expiration or termination of this Lease other than in accordance with its terms. Each payment of Rent made by Lessee hereunder is final and Lessee shall not seek or have any right to recover all or any part of such payment from Lessor or any Person for any reason whatsoever. Nothing contained herein shall be construed to waive any claim that Lessee might have under any of the Operative Agreements or otherwise, or to limit the right of

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Lessee to independently make any claim it might have against Lessor or any other Person or to independently pursue such claim in such manner as Lessee deems appropriate.

SECTION 4. OWNERSHIP AND MARKING OF UNITS.

4.1 Retention of Title. Lessor shall and hereby does retain, subject to the rights and interests of Indenture Trustee under the Indenture so long as the Indenture remains in effect, full legal title to and ownership of the Units notwithstanding the delivery to and possession and use of the Units by Lessee hereunder or any sublessee under any sublease permitted hereby.

4.2 Duty to Number and Mark Units. Lessee will cause each Unit (including, without limitation, any Replacement Unit) to be numbered, on the date of execution and delivery of the related Lease Supplement, with its reporting mark shown on the Lease Supplement covering such Unit; and Lessee will cause each Unit (including, without limitation, each Replacement Unit) as soon as practicable (but in no event later than one month after the date on which the Lease Supplement relating to such Unit is executed) to be plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of such Unit, in letters not less than one inch in height, with the following legend or a substantially similar legend:

"OWNERSHIP SUBJECT
TO AN EQUIPMENT LEASE AGREEMENT AND SECURITY
AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's right, title and interest in and to such Unit, its rights under this Lease and the rights of Indenture Trustee, including rights under Section 18. Except as provided hereinabove, Lessee will not place any such Units in operation or exercise any control or dominion over the same until the reporting mark and required legend are marked on both sides thereof, and will replace promptly any such items that may be removed, defaced, obliterated or destroyed. Lessee will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to Lessor by Lessee before such change and a supplement to this Lease and the Indenture with respect to such new reporting marks shall be filed or recorded in all public offices where this Lease and the Indenture shall have been filed or recorded and in such other places, if any, where Lessor or Indenture Trustee may reasonably request in order to protect, preserve and maintain Lessor's right, title and interest in the Units and the rights of Indenture Trustee. The costs and expenses of all such supplements, filings and recordings shall be borne by Lessee.

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4.3 Prohibition Against Certain Designations. Except as above provided, Lessee will not allow the name of any Person to be placed on any Unit as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that subject to the delivery, if applicable, of the statement specified in the penultimate sentence of Section 4.2, Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by Lessee or any permitted sublessees or any of 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 Units hereunder or any permitted sublessee to use the Units pursuant to a sublease permitted hereby.

SECTION 5. DISCLAIMER OF WARRANTIES.

5.1 Disclaimer of Warranties. Without waiving any claim Lessee may have against any seller, supplier, rebuilder or manufacturer, LESSEE ACKNOWLEDGES AND AGREES THAT, (i) EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO LESSEE, AND THAT LESSEE HAS EXAMINED AND APPROVED ALL SUPPLY CONTRACTS RELATING TO ANY UNIT, (ii) LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (iii) NEITHER LESSOR NOR ANY PARTICIPANT, NOR INDENTURE TRUSTEE IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, (iv) EACH UNIT IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENT REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED, AND (v) LESSOR LEASES AND LESSEE TAKES EACH UNIT "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", IN WHATEVER CONDITION IT MAY BE, AND LESSEE ACKNOWLEDGES THAT NEITHER LESSOR, AS LESSOR OR IN ITS INDIVIDUAL CAPACITY, NOR ANY PARTICIPANT, NOR INDENTURE TRUSTEE MAKES NOR SHALL BE DEEMED TO HAVE MADE, AND EACH EXPRESSLY DISCLAIMS, ANY AND ALL RIGHTS, CLAIMS, WARRANTIES OR REPRESENTATIONS EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE VALUE, CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, MERCHANTABILITY, OR TITLE, OF ANY UNIT, 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 AND UNDER NO CIRCUMSTANCE WHATSOEVER SHALL OWNER TRUSTEE, ANY PARTICIPANT OR INDENTURE TRUSTEE BE LIABLE OR RESPONSIBLE TO LESSEE FOR ANY DAMAGES, INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGES BASED ON STRICT LIABILITY IN TORT OR OTHERWISE, except that Lessor represents and warrants that on the applicable Closing Date, Lessor shall have received whatever right, title and interest to the Units as was conveyed to Lessor by Lessee Affiliate and Lessor, in its individual capacity, represents and warrants that each Unit will be free of Lessor Liens attributable to Lessor in its individual capacity. Lessor hereby appoints and constitutes Lessee its agent

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and attorney-in-fact during the Lease Term to assert and enforce, from time to time, in the name and for the account of Lessor and Lessee, as their interests may appear, but in all cases at the sole cost and expense of Lessee, whatever claims and rights Lessor may have as owner of the Units against Lessee Affiliate or any prior owner thereof; provided, however, that if at any time a Lease Event of Default exists, at Lessor's option, such power of attorney shall terminate, and Lessor may assert and enforce, at Lessee's sole cost and expense, such claims and rights. Lessor has no responsibility or liability to Lessee or any other Person with respect to any of the following: (w) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Unit or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (x) the use, operation or performance of any Unit or any risks relating thereto; (y) any interruption of service, loss of business or anticipated profits or consequential damages; or (z) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Unit. Lessee's delivery of a Lease Supplement is conclusive evidence as between Lessee and Lessor that all Units described therein are in good order and condition, appear to conform to specifications applicable thereto and all government standards and requirements reasonably interpreted as being applicable thereto and are in all respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor based on any of the foregoing matters.

SECTION 6. RETURN OF UNITS; CONDITION; STORAGE.

6.1 Return. If Lessee has not provided irrevocable notice of its intention to exercise a purchase option pursuant to Section 22.1, or a renewal option pursuant to Section 22.2 or 22.3, for all Units before the 179th day before the end of the Lease Term then in effect for Tranche I, then the following provisions shall apply:

(i) Lessee and Lessor shall use reasonable efforts to choose no more than seven mutually agreeable locations for return of the Units (and if Lessee and Lessor cannot agree on such locations, Lessor shall select no more than seven locations on the lines of Lessee for return of the Units) then subject to this Lease. All return locations shall be within 500 miles of Chicago and within 250 miles of a city with scheduled airline service. Lessee shall use reasonable efforts to deliver promptly the Units in the largest practical number to the smallest practical number of locations and, in any event, shall deliver the Units in amounts of no less than 100 Units per return location, at or after the end of the Basic Term or the applicable Renewal Term, as the case may be.

(ii) At such time as Lessee delivers at least 50 Units to any one storage location, it shall give prompt written notice to Lessor. Thereafter, Lessee shall give further notices of delivery

to any one storage location when 25 additional Units are delivered thereto and when the total number of Units to be delivered at such storage location have been delivered thereto. Upon receipt of each such notice, Lessor shall have 15 days to inspect the condition of such Units. Lessor shall promptly inspect such Units. Any inspection by Lessor is upon the terms set forth in Section 6.2. If the Units are determined by Lessor to have been delivered in the condition required by Section 6.2, Lessor shall promptly, and in any event before the end of the 15-day inspection period, deliver a written notice to Lessee confirming that such Units are in the condition required by Section 6.2. Thereupon, Lessor shall be entitled to storage for a period of 90 days minus the number of days elapsed during the inspection period before the written confirmation referred to in the foregoing sentence (the "Storage Period"), at Lessee's expense in accordance with Section 6.3. If Lessor fails to inspect the Units within 15 days after the receipt of the relevant notice referred to in the first two sentences of this Section 6.1(ii), the aforesaid Storage Period shall be deemed to commence immediately upon delivery; provided, however, Lessor shall not be deemed thereby to have waived any of its rights under Section 6.2 with respect to the required return condition. If Lessor notifies Lessee that an inspection shows that a Unit does not meet the return condition required by Section 6.2, Lessee promptly and, in any event, within 15 days shall repair the Unit so that it meets such condition. Once a Unit is repaired, the Storage Period for such Unit (reduced by that portion of the Storage Period, if any, which elapsed before the making by Lessor of its inspection) shall commence.

(iii) If not all of the Units of a Tranche then subject to this Lease are delivered on the last day of the applicable Basic Term or the applicable Renewal Term, as the case may be, Basic Rent shall continue to accrue with respect to all Units of such Tranche then subject to this Lease until such time as 50% of such Units then subject to this Lease have been delivered in accordance with Section 6.1(i). If 50% of the Units of a Tranche have been so delivered, Basic Rent shall continue to accrue only upon any Unit that has not been delivered in accordance with the terms hereof until such Unit has been delivered. If a Unit is delivered in accordance with the terms hereof and an inspection shows that it does not meet the return condition, then Basic Rent with respect to such Unit shall recommence so that Basic Rent shall be paid for (i) every day after the end of the Lease Term with respect to such Unit until such Unit was delivered, (ii) that portion of the 15-day inspection period before receipt of written notice from Lessor that a repair is required with respect to such Unit and (iii) each day after notice from Lessor that its inspection showed a repair with respect to such Unit is required until completion of such repair. Basic Rent will be payable monthly in arrears and for each day equals the per diem equivalent of the average annual Basic Rent during the Basic Term; provided, however, that if any Unit is not

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delivered within 120 days of the end of the Lease Term therefor, the Basic Rent for each day thereafter is 125% of such per diem equivalent.

(iv) Upon the expiration of the Basic Term or the applicable Renewal Term for a Tranche of Units, as the case may be, Lessee shall deliver such Units as soon as possible. If not all of such Units are delivered within 150 days of the end of the Lease Term for a Tranche of Units, Lessee shall, if Lessor elects (and if such Units are not subject to an Event of Loss reported pursuant to Section 11), purchase such Units not delivered for the greater of (A) Stipulated Loss Value with respect to such Units on the last day of the Lease Term therefor, and (B) Fair Market Value of such Units. Should Lessor not make the election described in the preceding sentence, Lessee's obligations hereunder with respect to such unreturned Units shall continue until such Units are returned in accordance with the terms hereof, and all of Lessor's rights and remedies hereunder shall remain in full force and effect.

(v) During the inspection and/or Storage Period, Lessee, at its expense, shall cause such Units as Lessor specifies in a written notice or notices to be transported to such point or points on Lessee's own system as Lessor designates; provided that Lessee shall not be obligated to so transport a Unit more than once.

6.2 Condition of Units. Each Unit when delivered to Lessor pursuant to Section 6.1 shall be in the condition required by Section 8.1 and free and clear of all Liens other than Lessor Liens. All logs, records, books and other materials relating to the use, damage, repair and maintenance of such Unit shall be made available to Lessor or its designee upon the delivery of such Unit. During the Storage Period, Lessor or any Person designated by it and any prospective purchaser or user, has the right to inspect any Unit that is returned pursuant to Section 6.1 in addition to the inspection required by Section 6.1. All inspections shall be at Lessor's sole cost, expense and risk (including, without limitation, the risk of personal injury or death), by its authorized representatives, during Lessee's normal business hours, subject to Lessee's and the related designated location's standard security and safety rules and procedures, and upon reasonable prior notice to Lessee; provided, however, that Lessee shall be liable for any injury to, or the death of, any Person exercising, on behalf of Lessor, the rights of inspection granted under Section 6.1 or this Section 6.2 if caused by Lessee's negligence or wilful misconduct. No inspection shall materially interfere with the normal conduct of Lessee's business.

6.3 Storage. Any storage (and transportation of the Units) provided by Lessee during the Storage Period with respect to such Unit shall, in all cases, be at the sole risk and expense of Lessee and Lessee shall maintain the insurance required by Section 12.1

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with respect to all stored Units. Lessee shall not be required to store the Units after the Storage Period. If Lessee stores any Unit after the Storage Period, such storage shall be at the sole expense and risk of Lessor, at market rates reasonably determined by Lessee.

SECTION 7. LIENS.

Lessee will not directly or indirectly create, incur, assume, permit or suffer to exist any Lien on or with respect to any Units or Lessee's leasehold interest therein under this Lease, except Permitted Liens, Lessor Liens and Liens described in Section 6.4 of the Participation Agreement and 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 not excepted above if the same shall arise at any time. Subject to (but without limiting) Section 7.2 of the Participation Agreement, Lessee shall indemnify each Indemnified Person on an After-Tax Basis against claims arising out of (whether or not such Indemnified Person shall be indemnified as to such claim by any other Person) the imposition of any Lien on any Unit, other than Permitted Liens, Lessor Liens and Liens described in Section 6.4 of the Participation Agreement.

**SECTION 8. MAINTENANCE; OPERATION;
POSSESSION; COMPLIANCE WITH LAWS.**

8.1 Maintenance and Operation. Lessee, at its own cost and expense, shall maintain, repair and keep, or shall cause to be maintained, repaired and kept, each Unit, and shall operate each Unit, (i) in a manner comparable to and no less favorable than maintenance practices used by Lessee in respect of equipment owned or leased by Lessee similar in type to such Unit, (ii) in accordance with all manufacturer's warranties and in accordance with all insurance policies required to be maintained pursuant to Section 12 hereof, if applicable, and (iii) in compliance with all applicable laws, rules and regulations, including the United States Department of Transportation ("DOT"), the ICC, the Federal Railroad Administration ("FRA"), the Association of American Railroads ("AAR") and the Interchange Rules so that the Units shall be suitable for immediate use in interchange; provided, however, that during the Lease Term and so long as no Lease Event of Default of the type described in Section 14(a), 14(b), 14(e) or 14(f) exists Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, rule or regulation in any reasonable manner that does not materially interfere with the use, possession, operation or return of any of the Units or materially adversely affect the rights or interests of Lessor and Indenture Trustee in the Units or hereunder or otherwise expose Lessor, Indenture Trustee or any Participant to criminal sanctions or release Lessee from the obligation to return

the Units in compliance with Section 6.2. In no event shall Lessee adversely discriminate as to the use or maintenance of any Unit (including the periodicity of maintenance or record keeping in respect of such Unit) as compared to equipment of a similar nature that Lessee owns or leases. Lessee will maintain all records, logs and other materials for each Unit required by relevant industry standards and any government authority having jurisdiction over such Unit, all as if Lessee were the owner of such Unit, regardless of whether any such requirements, by their terms, are nominally imposed on Lessee, Lessor or Owner Participant.

8.2 Possession. Lessee shall be entitled to the possession of the Units and to the use of the Units in the general operation of Lessee's business on Lessee's own system, on lines over which Lessee has trackage rights and in normal interchange operations on the lines of other railroads in the United States, Canada and Mexico (but subject to the Tax Indemnity Agreement); provided, however, that at no time shall more than 10% of the Units be located outside of the United States or Canada.

8.3 Sublease. Lessee, without the consent of Lessor, shall be entitled (but subject to the Tax Indemnity Agreement) to sublease (each a "Permitted Sublease") all or a portion of the Units to a business entity so long as: (i) on the effective date of any such sublease, no Lease Default or Lease Event of Default exists and such sublessee is not subject to any bankruptcy, insolvency or similar proceedings; (ii) any sublease shall be in all events subject and subordinate to this Lease and the rights and interests of Lessor and its respective successors and assigns hereunder, and Lessee shall remain primarily and directly liable for the performance of its obligations hereunder; (iii) any sublease shall not be for a term that extends beyond the Basic Term and any exercised Renewal Term; (iv) the sublessee is a "railroad" (as defined in the Bankruptcy Code) and a corporation organized under the laws of the United States or a state thereof; (v) all filings of any such sublease necessary to protect the rights of Lessor, Indenture Trustee and the Participants in the Units subject thereto have been made in a timely fashion; and (vi) no Permitted Sublease shall permit further subleasing of any Units. No sublease shall permit the sublessee thereunder to take any action inconsistent with this Lease or any other Operative Agreement. Within 30 days following the end of each fiscal year of Lessee during the Lease Term, Lessee shall provide Lessor, Indenture Trustee and any Participant a list of all subleases then in effect that, when entered into, had an original term of more than one year, which list shall, with respect to each sublease, (A) identify the sublessee; (B) identify the Units subject to such sublease; and (C) state the scheduled commencement and termination dates of such sublease. Lessee agrees that it will cause the following statement to be inserted in each sublease permitted by this Section 8.3:

"It is understood that the equipment furnished to Lessee under this agreement is subject to the terms of the Equipment Lease Agreement 1994-3 dated as of December 27, 1994 between Wilmington Trust Company, not in its individual capacity except as expressly provided therein, but solely as Owner Trustee, and Lessor. Lessee agrees that this agreement and Lessee's rights hereunder are and shall at all times be subject and subordinate to each and every term, condition and provision of such Equipment Lease Agreement, including, without limitation, the right under certain circumstances of Owner Trustee to repossess the equipment pursuant to Section 15 thereof free and clear of Lessee's rights under this Agreement."

So long as the Lien of the Indenture has not been released with respect to the Units subject to the subleases described below, Lessee hereby grants a security interest to Lessor, as security for Lessee's performance of its obligations hereunder, in each sublease permitted by this Section 8.2 if such sublease provides for an initial term longer than one year. In addition, if such sublease involving an initial term longer than one year also involves the greater of 50 or more Units and 10% or more of the Units then subject to this Lease, then Lessee shall deliver to Indenture Trustee, as assignee of Lessor, the "chattel paper" original copy each such Sublease. Lessee also shall deliver a copy of each such sublease to Owner Participant. Lessee agrees to indemnify and hold Lessor, the Participants and Indenture Trustee harmless against any and all reasonable out-of-pocket expenses, claims, demands and liabilities of whatever nature relating to or in any way arising out of such sublease, including, without limitation, all Legal Fees and Expenses arising out of or necessitated by assertion of any such claim or demand with respect to such sublease.

SECTION 9. MODIFICATIONS.

9.1 Required Modifications. If the AAR, FRA, DOT, or any other United States, state or local government agency or any insurance policy required by Section 12 requires that any Unit be modified, altered or improved (a "Required Modification"), Lessee agrees to make such Required Modification at its own expense; provided, however, that during the Lease Term and so long as no Lease Event of Default of the type described in Section 14(a), 14(b), 14(e) or 14(f) exists, Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such requirement in any reasonable manner that does not materially interfere with the use, possession, operation or return of any Unit or materially adversely affect the rights or interests of Lessor and Indenture Trustee in the Units or hereunder or otherwise expose Lessor, Indenture Trustee or any Participant to criminal sanctions or relieve Lessee of the obligation to return the Units in compliance with Section 6.2.

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Title to any Required Modification (regardless of whether such Required Modification is a Severable Modification or a Non-Severable Modification) shall immediately vest in Lessor.

9.2 Optional Modifications. So long as no Lease Event of Default exists, Lessee at any time may modify, alter or improve (subject to the Tax Indemnity Agreement) any Unit (an "Optional Modification"; and each of an Optional Modification and a Required Modification is a "Modification"); provided that no Optional Modification shall diminish the fair market value, utility, condition, or remaining economic useful life of such Unit below the fair market value, utility, condition, or remaining economic useful life thereof immediately before such Modification, assuming such Unit was then in the condition required to be maintained by this Lease, or cause such Unit to become "limited use property" within the meaning of Rev. Proc. 76-30. Title to any Non-Severable Modification shall be immediately vested in Lessor. Title to any Severable Modification that is not a Required Modification shall remain with Lessee. During the Lease Term or at the return of such Unit, and so long as no Lease Default or Lease Event of Default exists, Lessee may remove any Severable Modification that is not a Required Modification. If Lessee, at its cost, shall cause any Severable Modifications that are not Required Modifications to be made to any Unit, and such Severable Modifications theretofore made have not been removed at the time of return, Lessor may purchase such Severable Modifications that are reasonably necessary for the economic operation of any Unit (other than Severable Modifications consisting of proprietary or communications equipment) at their then Fair Market Value. If Lessor does not elect to purchase such Severable Modifications, it may cause Lessee, at Lessee's cost and expense, to remove such Severable Modifications upon return of the Unit.

SECTION 10. VOLUNTARY TERMINATION.

10.1 Right of Termination. So long as no Lease Event of Default exists on the date of the notice referred to in the next sentence and on the Termination Date, Lessee may, at its option at any time and from time to time, during the Basic Term and on or after the eighth anniversary of the Basic Term Commencement Date applicable to the Units subject to the last Closing Date, terminate the Lease Term with respect to all, but not less than all, of the Units of all Tranches if Lessee determines in good faith (as evidenced by a certificate executed by the President or an Executive Vice President of Lessee) that the Units have become obsolete or surplus to Lessee's needs or have become the subject of regulation (not in effect on or before the last Closing Date) that materially adversely affects their use. Lessee shall deliver irrevocable notice to Lessor and Indenture Trustee at least 120 days before the Termination Date (as hereinafter defined) for the Tranche I Units, specifying proposed dates of termination for each

Tranche of Units (each a "Termination Date" and collectively, the "Termination Dates"), which dates shall be Rent Payment Dates for the related Tranche of Units and with respect to Tranches II, III, IV and V shall be the first Rent Payment Dates therefor following the Termination Date for the Tranche I Units. Any such terminations will be effective for each Tranche of Units on the respective Termination Dates for such Tranches. Except as expressly provided herein, there will be no conditions to Lessee's right to terminate this Lease with respect to the Units pursuant to this Section 10.1. So long as Lessor shall not have given Lessee a notice of election to retain the Units in accordance with Section 10.3, Lessee may withdraw the termination notice referred to in the preceding sentence prior to the Termination Date for the Tranche I Units, whereupon this Lease shall continue in full force and effect; provided that Lessee may not exercise its right to withdraw such a termination notice more than twice. Lessee agrees that, without limiting Section 2.6(b) of the Participation Agreement, it will reimburse (on an After-Tax Basis) Lessor, Indenture Trustee and the Participants for all out-of-pocket costs and expenses, including, without limitation, Legal Fees and Expenses, incurred by Lessor, Owner Participant and Indenture Trustee in connection with the proposed termination of any Unit, whether or not consummated, except that if the proposed termination is not consummated because of Lessor's failure to pay the amount required to be paid by it pursuant to Section 10.3 after making the election provided for therein and no Lease Default or Lease Event of Default exists, Lessee shall not be obligated to so reimburse Lessor or Owner Participant.

10.2 Sale of Units. During the period from the date of such notice given pursuant to Section 10.1 to the Termination Date for each Tranche of Units, Lessee, as agent for Lessor and at Lessee's sole cost and expense, shall use its reasonable efforts to obtain bids from Persons other than Lessee or Affiliates thereof for the cash purchase of the Units on each Termination Date, and it shall promptly, and in any event at least 10 Business Days before each proposed date of sale, certify to Lessor in writing the amount and terms of each such bid and the name and address of the party submitting such bid. Lessor and Owner Participant may obtain bids for the purchase of such Units, either directly or through agents other than Lessee, from Owner Participant or other Persons, but shall be under no duty to solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with arranging such sale. Unless Lessor elects to retain any Tranche of Units in accordance with Section 10.3, on the applicable Termination Date: (i) Lessee shall, subject to receipt (x) by Lessor of all amounts owing to Lessor pursuant to the next sentence, and (y) by any other Persons entitled thereto of all unpaid Supplemental Rent accrued on or before such Termination Date, deliver the Units of the respective Tranche to the bidder (which shall not be Lessee or any Affiliate thereof and who shall

covenant in favor of Lessor that it will not sell or otherwise make the Units available for use to Lessee (other than in normal interchange) for three years after the applicable Termination Date), if any, which submits the highest cash bid before such date for the Units (or to such other bidder as Lessee and Lessor shall agree); and (ii) Lessor shall, without recourse or warranty (except as to the absence of any Lessor Lien attributable to Lessor), simultaneously therewith sell such Units "as-is, where-is" to such bidder. The cash selling price realized at each such sale shall be paid to and retained by Lessor (or, if the Lien of the Indenture has not been released, Indenture Trustee) and, in addition, on the applicable Termination Date, Lessee shall pay to Lessor, (A) all unpaid Basic Rent with respect to such Units due and payable before and on the applicable Termination Date, (B) the excess, if any, of (1) the Termination Value for such Units computed as of the applicable Termination Date, over (2) the net cash sales proceeds (after the deduction of all costs and expenses of Lessee, Lessor and Owner Participant in connection with such sale of such Units, including Legal Fees and Expenses), (C) an amount equal to the Premium in respect of the principal amount of the Series of Trust Certificates related to such Tranche of Units to be prepaid in accordance with Section 6.1(b) of the Indenture, and (D) any other unpaid Supplemental Rent due to Lessor, Owner Participant, Indenture Trustee or any Certificate Holder on or before the applicable Termination Date. Lessee's sole duty in acting as agent pursuant to the first sentence of this Section 10.2 shall be to use its reasonable efforts to sell the Units at the highest cash price then obtainable consistent with this Lease.

10.3 Retention of Units by Lessor. Notwithstanding Sections 10.1 and 10.2, Lessor may irrevocably elect by written notice to Lessee, no later than 60 days after receipt of Lessee's notice of termination, not to sell the Units of one or more Tranches on the applicable Termination Dates (provided, however, that if Lessor has not elected to retain the Units of a Tranche, Lessor may not elect to retain the Units of a subsequent Tranche if, in the reasonable judgment of Lessee, such retention by Lessor would impair any future sales planned by Lessee of such subsequent Tranches of Units), whereupon Lessee shall (i) deliver such Units to Lessor in the same manner and condition as if delivery were made to Lessor pursuant to Section 6, treating the applicable Termination Date(s) as the last day of the Lease Term, and (ii) pay to Lessor, Owner Participant, Indenture Trustee or any Certificate Holder, all Basic Rent and all Supplemental Rent due and owing on the applicable Termination Date and unpaid, excluding any Termination Value (to the extent specified in the first sentence of the definition of such term) but including payment to Lessor of an amount equal to the Premium in respect of the principal amount of the Series of Trust Certificates to be prepaid in accordance with Section 6.1(b) of the Indenture. Lessor shall pay, or cause to be paid, out of funds paid to it by Lessee pursuant to the foregoing

sentence and its own funds, to Indenture Trustee in funds of the type specified in Section 3.6 an amount equal to the outstanding principal amount of the Series of Trust Certificates issued in respect of the related Tranche of Units and all accrued interest to the date of prepayment of such Trust Certificates on such Termination Date and an amount equal to the Premium in respect of the principal amount of the Series of Trust Certificates to be prepaid. If any payment required by this Section 10.3 is not made in full, this Lease shall not be terminated with respect to the Units on a proposed Termination Date; however, Lessor shall thereafter no longer be entitled to exercise its election to retain the Units (unless such failure arises out of a failure by Lessee to make its required payment under this Section 10.3); and, without limiting any claim that Lessee may have if Lessor (as opposed to Lessee) failed to meet its obligations under this Section 10.3, Lessee may at its option at any time thereafter submit a new termination notice pursuant to Section 10.1 specifying proposed Termination Date(s) occurring not earlier than 120 days from the date of such notice, as specified in Section 10.1.

10.4 Termination of Lease. If either (x) any such sale and receipt by Lessor and Indenture Trustee of all of the amounts provided in Section 10.2 or (y) retention of the Units by Lessor in compliance with Section 10.3, including, without limitation, the satisfaction of Lessor's payment obligations thereunder, and upon compliance by Lessee with the other provisions of this Section 10, the obligation of Lessee to pay Basic Rent hereunder for any Tranche of Units shall cease with respect to any period after the applicable Termination Date and the Lease Term for such Tranche of Units shall end. Otherwise, this Lease shall remain in full force and effect with respect to such Tranche of Units.

SECTION 11. LOSS, DESTRUCTION, REQUISITION, ETC.

11.1 Event of Loss. The term "Event of Loss", with respect to a Unit, shall mean that such Unit (i) suffers damage or destruction resulting in an insurance settlement on the basis of an actual, constructive or compromised total loss; (ii) suffers destruction or damage beyond repair; (iii) suffers damage or is worn out such that, in Lessee's good faith judgment, makes repair uneconomic or renders such Unit unfit for commercial use; (iv) suffers theft, loss or disappearance for a period in excess of 90 days; (v) has title thereto taken or appropriated by any government authority under the power of eminent domain or otherwise; or (vi) is taken or requisitioned for use by any government authority under the power of eminent domain or otherwise or is prohibited from use in normal interchange operations by any government authority, and such taking or requisition for use or prohibition from use in normal interchange operations pursuant to this Section 11.1(vi) is for a period that exceeds 180 days or, if less, the remaining portion of the Basic Term or any Renewal Term then in effect.

11.2 Replacement or Payment upon Event of Loss. Upon the occurrence of an Event of Loss with respect to any Unit, Lessee shall promptly after a Responsible Officer of Lessee has actual knowledge of such occurrence give Lessor and Indenture Trustee notice of such occurrence of such Event of Loss and within 30 days after such notice give Lessor and Indenture Trustee further notice of its election to perform one of the following options (it being agreed that if Lessee does not give notice of such election within 30 days after giving notice of such occurrence, Lessee, shall be deemed to have elected to perform the option set forth in Section 11.2(i)), provided that Lessee shall not have the right to select the option set forth in Section 11.2(i) if a Lease Default or Lease Event of Default exists:

(i) as promptly as practicable (but no sooner than 10 days after giving of its notice of election to perform the option set forth in this Section 11.2(i)), and in any event on or before the earlier of (x) the 180th day following the date on which Lessee has actual knowledge that the Event of Loss occurred, (y) one year following the date on which the Event of Loss occurred and (z) the end of the Basic Term or Renewal Term then in effect, Lessee shall comply with Section 11.4(b) and shall convey or cause to be conveyed to Lessor a Replacement Unit to be leased to Lessee hereunder, such Replacement Unit to be free and clear of all Liens (other than Permitted Liens of the type described in clause (ii) of the definition thereof) and to have a Fair Market Value, utility, remaining economic useful life, residual value and condition at least equal to the Unit so replaced (assuming such Unit had not suffered an Event of Loss and was in the condition required to be maintained by this Lease); provided that, if Lessee does not perform its obligation to effect such replacement under this Section 11.2(i) during the period of time provided herein, then Lessee shall give notice on or before the 15th day prior to the date referred to in clause (A) or (B) below to Lessor and Indenture Trustee that it did not effect such replacement and Lessee shall comply with Section 11.2(ii) except that the related Settlement Date may occur before the earlier of (A) first Determination Date for such Unit occurring after the first anniversary of the date on which the Event of Loss occurred and (B) the end of the Basic Term or Renewal Term for such Unit then in effect; or

(ii) on a Determination Date (the "Settlement Date") occurring between 30 days and 180 days after the date on which the Event of Loss occurred, as such Settlement Date is selected by Lessee (who shall notify Lessor and Indenture Trustee in writing thereof at least 10 Business Days before such Settlement Date), Lessee shall pay or cause to be paid to Lessor (or in the case of Supplemental Rent, to the Persons entitled thereto) in funds of the type specified in Section 3.6, the sum of (A) an amount equal to the Stipulated Loss Value, determined as of such Settlement Date, of each such Unit suffering an Event of Loss, (B) to the extent not

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theretofore paid, Basic Rent due and payable before and on such Settlement Date, and (C) all other unpaid Supplemental Rent then due, including, without limitation, an amount equal to all amounts specified in Section 6.1(a) of the Indenture.

11.3 Rent Termination. Upon the replacement of any Unit or Units in compliance with Section 11.2(i), or upon the payment of all sums required to be paid pursuant to Section 11.2(ii) hereof in respect of any Unit or Units for which Lessee has elected to pay, or has been deemed to have elected to pay the amounts specified in Section 11.2(ii), the Lease Term with respect to such Unit or Units having suffered the Event of Loss and the obligation to pay Basic Rent for such Unit or Units having suffered the Event of Loss due and accruing subsequent to the date of required payment of Stipulated Loss Value or date of conveyance of such Replacement Unit or Units pursuant to Section 11.2 shall terminate, without prejudice to the continuation of those obligations that, by the express terms of the Operative Agreements (including, without limitation, Rent obligations relating to the Replacement Unit or Units), survive such termination of the Lease Term.

11.4 Disposition of Units; Replacement of Unit. (a) Upon the payment of all amounts then due under the Operative Agreements in respect of any Unit or Units and satisfaction of all conditions in Section 11.2, Lessor will transfer to Lessee "as-is, where-is" all right, title and interest of Lessor in and to such Unit or Units, without recourse or warranty, except for the absence of Lessor Liens.

(b) At the time of or before any replacement of any Unit, Lessee, at its own expense, will (i) furnish Lessor with a Bill of Sale (together with an assignment of the manufacturer's warranties, if any such warranties exist) with respect to the Replacement Unit, (ii) cause a Lease Supplement substantially in the form of Exhibit A hereto with appropriate modifications, subjecting such Replacement Unit to this Lease, and duly executed by Lessee, to be delivered to Lessor for execution and, upon such execution, to be filed for recordation in the same manner as provided for the original Lease Supplement in Section 16.1, (iii) so long as the Lien of the Indenture has not been satisfied and discharged, cause an Indenture Supplement substantially in the form of Exhibit B to the Indenture (with appropriate modifications) for such Replacement Unit, to be delivered to Lessor and to Indenture Trustee for execution and, upon such execution, to be filed for recordation in the same manner as provided for the original Indenture Supplement in Section 16.1, (iv) furnish Lessor and Indenture Trustee with an opinion of Lessee's counsel, to the effect that (A) the Bill of Sale referred to in Section 11.4(b)(i) above constitutes a legal, valid, binding and enforceable obligation of Lessee (subject to customary qualifications as to bankruptcy and equitable principles), (B) Lessor will be entitled to the benefits of 11

U.S.C. § 1168 with respect to such Replacement Unit under this Lease to the same extent as it was so entitled with respect to the Unit replaced, (C) legal title and ownership of such Replacement Unit has been conveyed to Lessor, free and clear of all Liens (other than Permitted Liens, except for Permitted Liens of the type described in clause (ii) of the definition thereof), and (D) all filings, recordings and other action necessary or appropriate to perfect and protect Lessor's and Indenture Trustee's respective interests in the Replacement Unit have been accomplished, (v) furnish Lessor and Indenture Trustee with an Officer's Certificate certifying that as of said date, and upon consummation of the replacement, no Lease Default or Lease Event of Default exists, (vi) furnish Owner Participant with a tax opinion from Tax Counsel that Owner Participant will not suffer any adverse tax consequences as a result of such replacement, and (vii) furnish such other documents and evidence as Owner Participant, Lessor or Indenture Trustee, or their respective counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 11.4, including, without limitation, evidence of compliance with Section 12 with respect to the Replacement Unit. For all purposes hereof, upon passage of title thereto to Lessor the Replacement Unit shall be deemed part of the property leased hereunder and the Replacement Unit shall be deemed a "Unit" as defined herein. Upon such passage of title, Lessor will transfer to Lessee "as-is, where-is" all Lessor's right, title and interest in and to the replaced Unit, without recourse or warranty (except as to the absence of Lessor Liens).

11.5 Applications of Event of Loss Proceeds. Lessor shall be entitled to receive (until the Lien of the Indenture has been discharged), and Lessor shall pay over to (and hereby directs Lessee to pay over to) Indenture Trustee, as assignee of Lessor (until the Lien of the Indenture has been discharged), all right, title and interest of Lessee in and to any proceeds of any insurance (to the extent provided in Section 12.2) or award received on account of an Event of Loss. Such insurance proceeds shall be applied pursuant to and in the manner set forth in Section 12.2. If an Event of Loss described in clause (v) or (vi) of Section 11.1 hereof has occurred (until the Lien of the Indenture has been discharged) awards shall be paid over to Indenture Trustee, as assignee of Lessor, and applied as specified in Section 3.4 or 3.5, as appropriate, of the Indenture and, thereafter, shall be payable to Lessee.

11.6 Eminent Domain. If during the Lease Term the use of any Unit is requisitioned or taken for use by any government authority under the power of eminent domain or otherwise for a period that does not constitute an Event of Loss, Lessee's obligation to pay all installments of Basic Rent shall continue for the duration of such requisitioning or taking. Subject to the next two sentences, so long as no Lease Default or Lease Event of Default exists,

Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such government authority as compensation for requisition or taking of possession. A requisition or taking of use for an indefinite period of time shall not be deemed to exceed the remaining Lease Term with respect to any Unit unless and until the period of such requisition or taking does, in fact, exceed the remaining Lease Term with respect to such Unit. In such case, the Event of Loss shall be deemed to have occurred on the 10th day preceding the last day of such Lease Term, unless Lessee has exercised its option to purchase the Unit pursuant to Section 22.1, and, all payments received by Lessor or Lessee from any governmental authority for the use of such Unit after the Lease Term for such Unit shall be payable to Lessee.

11.7 Lease Event of Default. Any amount referred to in Section 11.5, 11.6 or 12.2 payable to Lessee shall not be paid to Lessee, or if it has been previously paid directly to Lessee, shall not be retained by Lessee, if at the time of such payment a Lease Default or Lease Event of Default exists, but shall be paid to and held by Lessor (or, so long as the Lien of the Indenture has not been discharged, Indenture Trustee) as security for the obligations of Lessee under this Lease, and at such time as no Lease Default or Lease Event of Default exists, such amount (unless theretofore otherwise applied to the obligations of Lessee hereunder, which application is hereby expressly permitted) shall be paid over to Lessee.

SECTION 12. INSURANCE.

12.1 Property Damage and Public Liability Insurance.

(a) Lessee will, at all times before the return of the Units to Lessor and during the Storage Period for such Unit, at its own expense, cause to be carried and maintained with reputable insurance companies of recognized responsibility such insurance in such amounts against such risks and with such terms (including co-insurance, deductibles, limits of liability and loss payment provisions) as is customary under Lessee's risk management program for comparable equipment, and in keeping with prudent industry practice, including (i) all risk property insurance in respect of the Units, provided, that Lessee may self-insure with respect to all risk property insurance if customary under such risk management program and in keeping with prudent industry practice (A) so long as Lessee has a rating from the National Association of Insurance Commissioners of "2" or better or its equivalent and no Lease Event of Default exists, in an amount up to a maximum of 2% of Lessee's tangible net worth calculated based upon the audited balance sheet of Lessee for the fiscal year most recently ended prior to the effective date of such insurance coverage, or (B) otherwise, up to a maximum of \$1,000,000, to the extent such coverage is commercially available, and (ii) public liability insurance (including Federal Employer Liability Act coverage), in an amount

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not less than \$50,000,000, against loss or damage for personal injury, death or property damage suffered upon, in or about any premises occupied by it or occurring as a result of the use, maintenance or operation of the Units upon terms as are customary under Lessee's risk management program and in keeping with prudent industry practice, provided, that such public liability coverage may provide for deductible amounts on a per-occurrence basis (A) so long as Lessee has a rating from the National Association of Insurance Commissioners of "2" or better or its equivalent and no Lease Event of Default exists, in an amount up to a maximum of 8% of Lessee's tangible net worth calculated based upon the audited balance sheet of Lessee for the fiscal year most recently ended prior to the effective date of such insurance coverage, or (B) otherwise, up to a maximum of \$5,000,000 to the extent such coverage is commercially available. Notwithstanding the foregoing, all insurance coverages (including, without limitation, self-insurance) with respect to the Units required under this Section 12.1 will be comparable to, and no less favorable than, insurance coverages applicable to equipment owned or leased by Lessee after November 1, 1994 that is comparable to the Units.

(b) Any policies of insurance carried in accordance with this Section 12.1 (u) in the case of insurance described in Section 12.1(a)(i), so long as the Lien of the Indenture has not been released, shall name Indenture Trustee as loss payee under a standard loss payable clause reasonably satisfactory to Indenture Trustee and, after the Lien of the Indenture has been released, shall name Lessor as loss payee under a standard loss payable clause reasonably satisfactory to Lessor, and, in the case of insurance described in Section 12.1(a)(ii), shall name Lessor, the Participants and Indenture Trustee as additional insureds, as their respective interests may appear, (v) in the event such policies shall contain breach of warranty provisions, shall provide that in respect of the interests of Lessor, the Participants and Indenture Trustee in such policies the insurance shall not be invalidated by any action or inaction of Lessee or any other Person and shall insure each of Lessor, Indenture Trustee and the Participants regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee or by any other Person, (w) shall provide that such insurance is primary without any right of contribution from any other insurance carried by Lessor, Indenture Trustee or any Participant, (x) shall provide that the insurers waive any rights of setoff, recoupment, counterclaim, deduction or subrogation against Lessor, Indenture Trustee and the Participants, (y) shall provide that any obligation (including, without limitation, the liability to pay premiums, calls, commissions or assessments) shall be the obligation of Lessee and not provide that Lessor, Indenture Trustee or any Participant has any obligation, and (z) if available, shall require 30 days' prior notice of cancellation or material change in coverage to Lessor, the Participants and Indenture Trustee. To the

extent the notices described in clause (z) are not available, Lessee's insurance broker shall agree to provide to Lessor, the Participants and Indenture Trustee at least ten days' notice of cancellation of any such coverage, once it has been advised by the insurance underwriters of said cancellation.

(c) Lessee shall provide to Lessor, the Participants and Indenture Trustee 25 days' prior written notice of cancellation or material change in coverages of any policies of insurance carried in accordance with this Section 12.1. Prior to the first Closing Date, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this Section 12.1, Lessee shall deliver to Lessor and Indenture Trustee a duplicate original of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this Section 12; provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof. Except as provided in Section 12.2, Lessee shall, at its own expense, be entitled to make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance.

12.2 Proceeds of Insurance. The entire proceeds of any property or casualty insurance for damages to any Unit (a) in case of any casualty or event involving proceeds of \$1,000,000 or more or (b) after the occurrence of a Lease Event of Default, shall be paid over to Indenture Trustee so long as the Lien of the Indenture has not been released and shall be held by Indenture Trustee and applied pursuant to Section 3.4 or 3.5 of the Indenture, as appropriate, so long as the Indenture is in effect, and, thereafter, such proceeds shall be promptly paid over to Lessee.

12.3 Additional Insurance. At any time Lessor (either directly or in the name of Owner Participant), Owner Participant or Indenture Trustee may at its own expense carry insurance with respect to its interest in the Units; provided that (a) such insurance does not interfere with Lessee's ability to insure the Units as required by this Section 12 or adversely affect Lessee's insurance or the cost thereof, it being understood that all salvage rights to each Unit shall remain with Lessee's insurers at all times, and (b) any insurance carried by Indenture Trustee does not interfere with each of Lessor's or Owner Participant's ability to insure its interest in the Units or the cost thereof. Any insurance payments received from policies maintained by Lessor, Owner Participant or Indenture Trustee pursuant to the previous sentence shall be retained by Lessor, Owner Participant, or Indenture Trustee, as the case may be, without reducing or otherwise affecting Lessee's obligations hereunder.

12.4 Insurance Reports. As soon as practicable after the end of each policy year of Lessee, and in any event within 30 days after the end of each policy year of Lessee, Lessee shall deliver to Lessor, the Participants and Indenture Trustee a certificate of an independent insurance broker reasonably satisfactory to Lessor, Owner Participant, a Majority In Interest and Indenture Trustee setting forth the property and/or public liability insurance obtained by Lessee pursuant to Section 12.1 and as then in effect, stating (i) that such insurance is in full force and effect, (ii) that all premiums then due thereon have been paid, and (iii) if obtainable without undue expense, that, in the opinion of such independent insurance broker, such insurance policies comply with the requirements of Section 12.1.

SECTION 13. REPORTS; INSPECTION.

13.1 Duty of Lessee to Furnish. On or before May 1, 1996, and on each May 1 thereafter, Lessee will furnish to Lessor, Owner Participant, and Indenture Trustee an accurate statement, as of the preceding December 31, (a) showing the number, description and reporting marks of the Units then leased hereunder, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the 12 months ending on such December 31 (or since the first Closing Date, in the case of the first such statement), and such other information regarding the condition or repair of the Units as Lessor may reasonably request, and (b) stating that, in the case of all Units repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

13.2 Inspection Rights. During the Lease Term with respect to a Unit, each of Lessor, Indenture Trustee and each Participant has the right, but not the obligation, at its sole cost, expense and risk, including, without limitation, the risk of personal injury or death (except that if a Lease Event of Default exists such inspection shall be at the cost and expense of Lessee, and under all circumstances Lessee shall bear the risk of its own negligence or wilful misconduct), by its authorized representatives to inspect such Unit and all logs, records, books and other materials relating to the use, damage, repair and maintenance of such Unit, in each case during Lessee's normal business hours, subject to Lessee's standard security and safety rules and procedures and, unless a Lease Event of Default exists, upon reasonable prior notice to Lessee. No inspection pursuant to this Section 13.2 shall materially interfere with the use, operation or maintenance of the Units or the normal conduct of Lessee's business.

SECTION 14. LEASE EVENTS OF DEFAULT.

The following events shall constitute "Lease 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 administrative or government body) and each such Lease Event of Default shall be deemed to exist and continue so long as, but only as long as, it has not been remedied:

(a) Lessee fails to make any payment of Basic Rent, or any payment under Section 10.2, 10.3 or 11.2, within 10 days after the same becomes due; or

(b) Lessee fails to make any other payment under the Operative Agreements (except that any failure to pay any amount owed by Lessee under the Tax Indemnity Agreement or any failure of Lessee to pay to Lessor (in its individual or trust capacity) or Owner Participant when due any amounts constituting Excepted Property shall not constitute a Lease Event of Default unless written notice is given by Owner Participant to Lessee that such failure shall constitute a Lease Event of Default), including, without limitation, any payment of Supplemental Rent (other than under Section 10.2, 10.3 or 11.2), after the same becomes due and such failure continues unremedied for 30 days after receipt by Lessee of written notice of such failure from Lessor or Indenture Trustee; or

(c) Lessee fails to observe or perform any of the covenants or agreements to be observed or performed by Lessee in Section 6.7 of the Participation Agreement or fails to maintain the coverages required by Sections 12.1(a) and 12.1(b); or

(d) any representation or warranty made by Lessee in this Lease or in any other Operative Agreement (other than the Tax Indemnity Agreement) or in any other document or certificate furnished by Lessee pursuant to the Operative Agreements (other than the Tax Indemnity Agreement) that was material and untrue or incorrect in any material respect as of the date of making thereof and such untruth or incorrectness continues to be material and unremedied for 30 days following receipt by Lessee of written notice thereof from Lessor or Indenture Trustee; or

(e) Lessee (i) commences 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) consents 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 fails to pay, or admit in writing its inability to pay, its debts as they come due, or (iv) makes a general assignment for the benefit of creditors, or (v) takes any corporate action to authorize or in furtherance of any of the foregoing; or

(f) an involuntary case or other proceeding is commenced against 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 remains undismissed and unstayed for 60 days; or

(g) Lessee fails to observe or perform the covenants or agreements to be observed or performed by Lessee in the third-to-last sentence of Section 8.3 and such failure continues unremedied for 60 days after notice from Lessor or Indenture Trustee to Lessee, specifying the failure and demanding the same to be remedied; except that, if such failure is capable of being remedied, no such failure shall constitute a Lease Event of Default hereunder so long as Lessee is diligently proceeding to remedy such failure, but in no event shall such failure continue unremedied for a period in excess of the lesser of (i) an additional 120 days or (ii) the remaining Lease Term then in effect; or

(h) Lessee fails to observe or perform any of its covenants or agreements (other than those described in the foregoing clauses of this Section 14) to be observed or performed by Lessee hereunder or under the Participation Agreement or any other Operative Agreement (other than the Tax Indemnity Agreement) and such failure continues unremedied for 30 days after notice from Lessor or Indenture Trustee to Lessee, specifying the failure and demanding the same to be remedied; except that, if such failure is capable of being remedied and cannot be remedied within 30 days and such remedy does not involve the payment of money alone, no such failure shall constitute a Lease Event of Default hereunder so long as Lessee is diligently proceeding to remedy such failure and such failure does not impair in any material respect Lessor's interest in the Units or the security interest of Indenture Trustee in the Units and such failure is cured within the lesser of (i) 180 days after the first notice from Lessor or Indenture Trustee to Lessee or (ii) the remaining Lease Term then in effect;

provided, that, notwithstanding anything to the contrary contained in this Lease, any failure of Lessee to perform or observe any covenant or agreement herein shall not constitute a Lease Event of Default if such failure is caused solely by reason of an event

referred to in the definition of "Event of Loss" so long as Lessee is continuing to comply with the applicable terms of Section 11.

SECTION 15. REMEDIES.

15.1 Remedies. During the existence of any Lease Event of Default, Lessor may, at its option, declare this Lease to be in default by a written notice to Lessee (but this Lease shall be deemed to be automatically in default in the event of the occurrence of an Event of Default under Section 14(e) or 14(f)); and at any time thereafter, so long as Lessee shall not have remedied all outstanding Lease Events of Default, Lessor may do one or more of the following as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirement of, applicable law then in effect:

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

(b) by notice in writing to Lessee, Lessor may (i) rescind or terminate the Lease as to any or all Units; and/or (ii) demand of Lessee, and Lessee shall, upon written demand of Lessor and at Lessee's expense, forthwith return any or all of the Units to Lessor or its agents in the manner and condition required by, and otherwise in accordance with Section 15.6; or Lessor with or without notice or judicial process may by its agents enter upon the premises of Lessee where any of the Units may be located and take possession of and remove all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successor or assigns, to use such Units for any purpose whatever;

(c) sell any Unit at public or private sale, as Lessor may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such sale or for the proceeds thereof (except to the extent required by Section 15.1(e) or 15.1(f) if Lessor elects to exercise its rights under either of said paragraphs), in which event Lessee's obligation to pay Basic Rent with respect to such Unit hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Basic Rent is to be included in computations under Section 15.1(e) or 15.1(f) below if Lessor elects to exercise its rights under either of said paragraphs);

(d) hold, keep idle, operate, assign or lease to others any Unit as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay Basic Rent

with respect to such Unit due for any periods subsequent to the date upon which Lessee was deprived of possession and use of such Unit pursuant to this Section 15 shall be reduced by the net proceeds, if any, received by Lessor from leasing such Unit to any Person other than Lessee;

(e) whether or not Lessor has exercised, or at any time thereafter exercises, any of its rights under Section 15.1(a), 15.1(b), 15.1(c) or 15.1(d) with respect to any Unit, Lessor, by written notice to Lessee specifying a payment date (for purposes of this Section 15.1(e), the "Payment Date") that shall be a Determination Date not earlier than 10 days after the date of such notice, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on account of any Unit selected by Lessor on the Payment Date, as damages and not as a penalty (in lieu of the Basic Rent for such Unit due after the Payment Date), the sum of: (i) any unpaid Basic Rent on account of such Unit due before and on the Payment Date; plus (ii) whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice: (A) an amount equal to the excess, if any, of (y) Stipulated Loss Value for such Unit determined as of the Payment Date over (z) the Fair Market Value of such Unit (and if such Unit has been sold, the net sales proceeds shall be deemed to be equal to Fair Market Value); or (B) an amount equal to the excess, if any, of (y) the present value as of the Payment Date of all installments of Basic Rent on account of such Unit until the end of the Basic Term or the Renewal Term, as the case may be, for such Unit discounted at a rate per annum equal to the Debt Rate over (z) the present value as of the Payment Date of the Fair Market Rental Value of such Unit until the end of the Basic Term or the Renewal Term, as the case may be, for such Unit discounted at a rate per annum equal to the Debt Rate; plus interest on such sum of (i) plus (ii) at the Late Rate from the Payment Date to the date of actual payment; and upon payment in full of such amount, together with payment of all other amounts of Supplemental Rent then due, the Lease Term for such Unit, if not theretofore ended, shall end;

(f) unless Lessor has exercised, or at any time thereafter exercises, any of its rights under Section 15.1(e) with respect to a Unit, Lessor, by written notice to Lessee specifying a payment date that shall be a Determination Date occurring not earlier than 10 days after the date of such notice (for purposes of this Section 15.1(f), the "Payment Date"), may require that Lessee pay to Lessor, and Lessee shall pay to Lessor, on account of such Unit on the Payment Date as damages and not as a penalty (in lieu of scheduled Basic Rent due after the Payment Date), the sum of: (i) any unpaid Basic Rent on account of such Unit due before and on the Payment Date; plus (ii) the Stipulated Loss Value for such Unit, computed as of the Payment Date; plus interest on such sum of (i) plus (ii) at the Late Rate from the Payment Date to the date of actual payment; and upon payment in full of such amount, together

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with all other amounts of Supplemental Rent then due, Lessor shall transfer "as is", "where is", without recourse or warranty (except as to the absence of Lessor Liens attributable to Lessor), all right, title, and interest of Lessor to such Unit to Lessee or as it may direct, and the Lease Term for such Unit, if not theretofore ended, shall end; and/or

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

In addition, Lessee shall be liable (on an After-Tax Basis), except as otherwise provided above, for any and all unpaid Rent due hereunder before, during and after the exercise of any of the foregoing remedies, and for Legal Fees and Expenses and other costs and expenses incurred by reason of the occurrence of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto, including, without limitation, the repayment in full of any costs and expenses necessary to be expended in repairing any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease or by law.

15.2 Cumulative Remedies. Each right, power and remedy in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other rights, powers and remedies in its favor existing at law, in equity or by statute. Subject to Section 3.5, Lessee hereby waives any and all existing or future claims of any right to assert any offset or counterclaim against the Rent payments due hereunder, and agrees to make the Rent payments regardless of any offset or counterclaim or claim that may be asserted by Lessee on its behalf in connection with the lease of the Units.

15.3 No Waiver. No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default by Lessee under this Lease shall impair any such right, power or remedy of Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default, thereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

15.4 Notice of Lease Default. Lessee agrees to furnish to Lessor, each Participant and Indenture Trustee, promptly upon any officer becoming aware of any condition that constituted or constitutes a Lease Default, written notice specifying such condition and the nature and status thereof.

15.5 Lessee's Duty to Furnish Information with Respect to Subleases. Upon the occurrence of a Lease Event of Default, Lessor

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may request that Lessee deliver to Lessor, and upon such request Lessee agrees that it will promptly deliver to Lessor, (i) a detailed list of all Units that are then being subleased by Lessee, (ii) the identity of the sublessees with respect to such Units and a copy of each sublease (unless theretofore delivered pursuant to Section 8.3), (iii) the identity of an employee or other agent of each such sublessee with whom Lessee regularly communicates with in respect of such Units, and (iv) the most recent known location of such Units.

15.6 Lessee's Duty to Return Units Upon Default. If Lessor or any assignee of Lessor demands return of all or any of the Units pursuant to Section 15, Lessee shall forthwith deliver possession of such Units to Lessor. For the purpose of delivering possession of any Unit to Lessor as above required, Lessee shall at its own cost, expense and risk:

(a) forthwith place such Units upon such storage tracks of Lessee or any of its Affiliates or, at the expense of Lessee, on any other storage tracks, as Lessor reasonably may designate or, in the absence of such designation, as Lessee reasonably may select;

(b) permit Lessor to store such Units on such tracks at the risk of Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by Lessor and during such period of storage Lessee shall continue to maintain all insurance required by Section 12.1; provided, however, that the storage period shall not exceed one year; and

(c) transport the Units to any place on the lines of railroad operated by Lessee or its Affiliates or to any connection carrier for shipment, all as Lessor may direct in writing.

All Units returned shall be in the condition required by Section 8.1 and free and clear of all Liens other than Lessor Liens. All logs, records, books and other materials relating to the use, damage, repair and maintenance of the Units shall be made available to Lessor or its designee upon the return of the Units.

All amounts earned in respect of the Units after the date of termination of this Lease pursuant to Section 15, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, until the complete exercise of remedies under Section 15 has occurred, shall be paid to Lessor or the assignee of Lessor, including, without limitation, Indenture Trustee so long as the Indenture is in effect, and, if received by Lessee, shall be promptly turned over to Lessor or such assignee.

15.7 Specific Performance; Lessor Appointed Lessee's Agent. The delivery of possession of the Units as provided in Section 6.1 and/or Section 15.6 is of the essence of this Lease, and upon

application to any court of competent jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to deliver possession of the Units. Without in any way limiting the obligation of Lessee under Section 6.1 or Section 15.6, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Units to Lessor pursuant to this Section 15, to demand and take possession of such Unit in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Unit.

SECTION 16. FILINGS; FURTHER ASSURANCES.

16.1 Filings. On or before each Closing Date Lessee will (i) cause this Lease (unless theretofore filed), the Lease Supplement dated such Closing Date, the Indenture (unless theretofore filed) and the Indenture Supplement dated such Closing Date to be duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303, (ii) cause this Lease (unless theretofore filed), the Lease Supplement dated such Closing Date, the Indenture (unless theretofore filed) and the Indenture Supplement dated such Closing Date to be deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette in accordance with said Section 90, (iii) cause Uniform Commercial Code financing statements naming Lessor as debtor and Indenture Trustee as secured party to be filed in such public offices as are deemed necessary or appropriate by Lessor or any Participant as stated in a written notice to Lessee to perfect the right, title and interest of Indenture Trustee in the Indenture Estate, and Uniform Commercial Code financing statements naming Lessee as debtor, Lessor as secured party and Indenture Trustee as assignee of the secured party to be filed in such public offices as are deemed necessary or appropriate by Lessor or any Participant as stated in a written notice to Lessee to perfect the right, title and interest of Lessor and of Indenture Trustee as assignee of Lessor in the Units, and (iv) furnish Lessor and Owner Participant proof thereof.

16.2 Further Assurances. Lessee will duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time reasonably request or as may be required by applicable law in order to effectively carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created in favor of Lessor, Indenture Trustee and the Participants hereunder, including, without limitation, the execution and delivery of supplements or amendments hereto, in recordable form, subjecting to this Lease any Replacement Unit and the recording or filing of counterparts hereof or thereof in accordance with the laws of such jurisdiction as Lessor or Indenture Trustee may from time to time

deem advisable, and the filing of financing statements, including, without limitation, continuation statements, with respect thereto.

16.3 Expenses. Except as provided in Section 2.6 of the Participation Agreement, Lessee will pay (on an After-Tax Basis) all out-of-pocket costs, charges and expenses (including Legal Fees and Expenses) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of any such action.

SECTION 17. LESSOR'S RIGHT TO PERFORM.

If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, after giving not less than two Business Days' prior notice thereof to Lessee (except if an Indenture Default or Indenture Event of Default resulting solely from a Lease Default or Lease Event of Default exists, in which event Lessor may effect such payment, performance or compliance to the extent necessary to cure such Indenture Default or Indenture Event of Default with notice given concurrently with or promptly after such payment, performance or compliance), but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Rate from the date of such payment or incurrence of expenditure until Lessor has been fully reimbursed therefor, to the extent permitted by applicable law, shall be deemed to be Supplemental Rent, payable by Lessee to Lessor on demand.

SECTION 18. ASSIGNMENT BY LESSOR.

Lessee and Lessor hereby confirm that concurrently with the execution and delivery of this Lease, Lessor has executed and delivered to Indenture Trustee the Indenture, which assigns as collateral security and grants a security interest in favor of Indenture Trustee in, to and under this Lease and certain of the Rent payable hereunder (excluding Excepted Property), all as more explicitly set forth in the Indenture to all of which Lessee agrees. Lessee agrees that, if a foreclosure occurs under the Indenture at a time when no Lease Event of Default exists, Lessee will take all appropriate steps to facilitate such foreclosure consistent with Lessee's rights under this Lease, including, without limitation, acceptance of a new Lessor. Lessor agrees that it shall not otherwise assign or convey its right, title and interest in and to this Lease, the Units or any Unit, except as expressly permitted by and subject the Participation Agreement, the Trust Agreement and the Indenture. Lessor and Lessee acknowledge and agree that Indenture Trustee shall not be obligated to perform

any duty, covenant or condition required to be performed by Lessor under any of the terms hereof solely by the assignment of certain of Lessor's rights pursuant to the Indenture.

SECTION 19. ASSIGNMENT BY LESSEE.

19.1 Assignment. Except as provided in Section 6.7 of the Participation Agreement (and subject to the Tax Indemnity Agreement), Lessee will not, without the prior written consent of Lessor, assign any of its rights hereunder; nor will Lessee sublease any of the Units without the prior written consent of Lessor, except in accordance with Section 8.3. Any assignment or sublease in violation thereof is void.

19.2 Performance and Rights. Lessee may cause any obligation imposed on Lessee in this Lease to be performed by a permitted assignee or sublessee, even if stated herein as a direct obligation, and the performance of any such obligation by any permitted assignee or sublessee under an assignment or sublease agreement then in effect and permitted by this Lease shall constitute performance by Lessee and discharge such obligation by Lessee (it being understood that if such permitted assignee or sublessee shall fail to fully perform any such obligation, Lessee shall not be discharged from performing such obligation). Except as otherwise expressly provided herein, any right granted to Lessee in this Lease shall grant Lessee the right to exercise such right or permit such right to be exercised by any such permitted assignee or sublessee; provided that Lessee's purchase and renewal options set forth in Section 22 may be exercised only by Lessee itself or by any permitted assignee of, or successor to, Lessee in a transaction permitted by Section 6.7 of the Participation Agreement. The inclusion of specific references to obligations or rights of any such assignee or sublessee in certain provisions of this Lease shall not in any way prevent or diminish the application of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee or sublessee has not been made in this Lease.

SECTION 20. NOTICES.

Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing, and any such notice shall become effective when delivered. Any written notice shall be by (a) personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) United States mail, certified or registered, postage prepaid, return receipt requested (which delivery shall be deemed effective three days after being so deposited in the mail) or (c) facsimile transmission, confirmed by the method set forth in clause (a) or (b) above, in each case addressed to the following Person at its respective address set forth below or at such other

address as such Person may from time to time designate by written notice to the other Persons listed below:

If to Lessor:

WILMINGTON TRUST COMPANY
1100 North Market Street
Rodney Square North
Wilmington, Delaware 19890
Attention: Corporate Trust Administration
Facsimile: 302/651-8882
Confirmation No.: 302/651-1959

With copies to Owner Participant
(receipt of such copy, however, is
not notice to Owner Participant
in such capacity)

If to Owner Participant:

To the address set forth in Section 10.3
of the Participation Agreement

If to Indenture Trustee:

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION
79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department
Facsimile: (801) 246-5053
Confirmation No.: (801) 350-5555

If to Lessee:

WISCONSIN CENTRAL LTD.
6250 North River Road
9th Floor
Rosemont, Illinois 60618
Attention: Thomas F. Power, Jr.
Facsimile: 708/318-4628
Confirmation No.: 708/318-4602

SECTION 21. CONCERNING INDENTURE TRUSTEE.

21.1 Limitation of Indenture Trustee's Liabilities.
Notwithstanding any provision herein or in any of the Operative Agreements to the contrary, Indenture Trustee's obligation to take or refrain from taking any actions, or to use its discretion (including, but not limited to, the giving or withholding of consent or approval and the exercise of any rights or remedies

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under such Operative Agreements), and any liability therefor, shall, in addition to any other limitations provided herein or in the other Operative Agreements, be limited by the Indenture, including, but not limited to, Article IX thereof.

21.2 Right, Title and Interest of Indenture Trustee Under Lease. It is understood and agreed that the right, title and interest of Indenture Trustee in, to and under this Lease and certain of the Rent due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of Lessee in and to the Units as provided in this Lease.

SECTION 22. PURCHASE OPTIONS; RENEWAL OPTIONS.

22.1 Purchase Options. (a) If no Lease Event of Default exists at the time of giving the irrevocable notice referred to below and on the related EBO Date (unless Lessor expressly waives such Lease Event of Default), upon irrevocable written notice to Lessor, Indenture Trustee and the Participants (which notice will cover all of the Units of all Tranches) given at least 180 days before the first EBO Date, Lessee may terminate this Lease in accordance with the following sentence with respect to all, but not less than all, of the Units then subject to this Lease. On each EBO Date, subject to receipt (i) by Lessor of all amounts owing pursuant to the next sentence, and (ii) by each other Person entitled thereto of all unpaid Supplemental Rent accrued on or before such EBO Date, Lessor, without recourse or warranty (except as to the absence of Lessor Liens attributable to Lessor), shall sell to Lessee the Units of the Tranche related to such EBO Date "as-is, where-is", and the obligations of Lessee to pay Basic Rent for such Units shall cease with respect to any period after such EBO Date and the Lease Term for such Units thereupon shall end. In addition to the related EBO Price, on each EBO Date Lessee shall pay (A) to Lessor, all unpaid Basic Rent with respect to such Units due and payable before and on the applicable EBO Date, (B) an amount equal to the Premium in respect of the principal amount of the Series of Trust Certificates related to such Units to be prepaid in accordance with Section 6.1(c) of the Indenture (provided, however, that if the outstanding principal amount of such Trust Certificates has been paid (after application of all unpaid Basic Rent pursuant to clause (A)) as a result of Lessee incurring indebtedness to the Certificate Holders in an aggregate amount equal thereto in accordance with Section 10.16 of the Participation Agreement, then no Premium shall be payable), and (C) to the other Persons entitled thereto, all unpaid Supplemental Rent accrued before or on such EBO Date. Lessee agrees that, without limiting Section 2.6(b) of the Participation Agreement, it will reimburse Lessor, Indenture Trustee and the Participants for all out-of-pocket costs and expenses (including, without limitation, Legal Fees and Expenses) incurred by Lessor, Indenture

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Trustee and the Participants in connection with such termination and purchase.

(b) If no Lease Event of Default exists at the time of giving of the notice required by the next succeeding sentence of this Section 22.1(b) and at the end of the Lease Term then ending (unless Lessor expressly waives such Lease Event of Default solely for the purpose of this Section 22.1(b)) and Lessee has duly given the notice required by the next succeeding sentence of this Section 22.1(b), Lessee may purchase all (but not less than all) of the Units then leased hereunder at the expiration of the Basic Term or any Renewal Term then in effect, at a price equal to the Fair Market Value of such Units. Lessee shall give Lessor irrevocable written notice not less than 180 days before the end of the Basic Term, or the applicable Renewal Term, for the Tranche I Units of its election to exercise the purchase option for all Units then subject to this Lease as provided for in this Section 22.1(b). Payment of the purchase price, together with all other amounts due and owing by Lessee under the Operative Agreements, shall be made on each expiration date at the place of payment specified in Section 3.6 in immediately available funds and Lessor shall transfer to Lessee all of its right, title and interest in and to the Units in the Tranche then being purchased on an "as-is, where-is" basis. Lessor shall not be required to make any representation or warranty as to the condition of the Units or as to any other matters, except for the absence of Lessor Liens.

22.2 Fixed Rate Renewal Option. If this Lease is not earlier terminated and no Lease Event of Default exists at the time of giving of the notice required by this Section 22.2 and at the end of the Basic Term then ending (unless Lessor expressly waives such Lease Event of Default solely for the purpose of this Section 22.2) and Lessee has duly given the notice required by this Section 22.2 before the end of the Basic Term for the Tranche I Units, Lessee may elect to extend the term of this Lease for all (but not less than all) of the Units for an additional period (determined in one-half year increments and not to be less than one year nor more than two years and six months from the end of each related Basic Term) selected by Lessee and in accordance with the appraisal procedures described in the third sentence of this Section 22.2 (the "Fixed Rate Renewal Term"). Lessee shall give Lessor irrevocable written notice not less than 180 days before the end of the Basic Term for the Tranche I Units of its election to exercise such renewal option, the duration of the Fixed Rate Renewal Term and a copy of the appraisal referred to in the next sentence. If Lessee elects to renew this Lease pursuant to this Section 22.2, Lessee shall obtain an appraisal from R.L. Banks & Associates or another appraiser reasonably acceptable to Owner Participant providing that the Fixed Rate Renewal Term plus 150 days shall, when added to the Interim Term and the Basic Term for each Unit: (A) not exceed 80% of the economic useful life of such Unit estimated to be remaining

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from the Closing Date for such Unit, and (B) be such that, upon the expiration of the Fixed Rate Renewal Term plus 150 days, the estimated residual value of such Unit at such expiration would be at least equal to 20% of the Equipment Cost of such Unit (without taking into account inflation or deflation subsequent to the Closing Date for such Unit). Each installment of Basic Rent for each Unit during the Fixed Rate Renewal Term shall be an amount equal to the lesser of (x) 50% of the average Basic Rent for such Unit payable during the Basic Term and (y) the Fair Market Rental Value of such Unit (calculated for semi-annual rental payments), payable semi-annually in arrears.

22.3 Fair Market Renewal Options. If this Lease is not earlier terminated and no Lease Event of Default exists at the time of giving of the notice required by this Section 22.3 and at the end of the Basic Term or Fixed Rate Renewal Term then ending (unless Lessor expressly waives such Lease Event of Default solely for the purpose of this Section 22.3) and Lessee has duly given notice required by this Section 22.3 before the end of the Basic Term or Fixed Rate Renewal Term for the Tranche I Units, Lessee may elect to extend the term of this Lease for all (but not less than all) of the Units for one additional period (determined in one-half year increments, and not to be less than one year nor more than seven years from the end of each related Basic Term or Fixed Rate Renewal Term) selected by Lessee (the "Fair Market Renewal Term"). Lessee shall give Lessor irrevocable written notice not less than 180 days before the end of the Basic Term or Fixed Rate Renewal Term for the Tranche I Units of its election to exercise such renewal option and of the duration of the Fair Market Renewal Term. Each installment of the Basic Rent for each Unit during the Fair Market Renewal Term shall be equal to the Fair Market Rental Value of such Unit (calculated for semi-annual rental payments), payable semi-annually in arrears. The Fair Market Renewal Term shall commence immediately upon the expiration of the Basic Term or Fixed Rate Renewal Term.

22.4 Appraisal. By written notice at least 170 days before the end of the Basic Term, or Fixed Rate Renewal Term for the Tranche I Units, Lessee may request a determination of Fair Market Value or Fair Market Rental Value with respect to all of the Units. Promptly following such written notice, Lessor and Lessee shall proceed to determine (a) the Fair Market Rental Value of all of the Units and (b) the Fair Market Value of such Units as of the first day of the Renewal Term and the last day of such Renewal Term. All determinations are to be made in accordance with the definition of said terms in Appendix A to this Lease within 90 days of the aforesaid notice.

22.5 Stipulated Loss Value During Renewal Term. This Lease, other than Section 10, shall be applicable during any Renewal Term for such Units, except as specified in the next two sentences.

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During the Fair Market Renewal Term, the Stipulated Loss 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, adjusted in equal monthly increments to the estimated Fair Market Value of such Unit as of the last day of such Renewal Term and shall be payable in the same manner contemplated during the Basic Term. During any Fixed Rate Renewal Term, the Stipulated Loss Value of any Unit shall be calculated once on or before the beginning of the Fixed Rate Renewal Term for such Unit and shall be an amount that (a) on the commencement date for the Fixed Rate Renewal Term for such Unit, shall be equal to the greater of the Stipulated Loss Value applicable to the end of the Basic Term or the Fair Market Value of the Units as of such commencement date, and (b) thereafter shall be reduced semi-annually on each Rent Payment Date on a straight-line basis from the initial Stipulated Loss Value determined pursuant to Section 22.5(a) to 20% of the Equipment Cost therefor at the termination of the Fixed Rate Renewal Term and shall be payable in the same manner contemplated during the Basic Term.

SECTION 23. LIMITATION OF LESSOR'S LIABILITY.

It is expressly agreed and understood that all representations, warranties and undertakings of Lessor hereunder (except as expressly provided herein) shall be binding upon Lessor only in its capacity as Owner Trustee under the Trust Agreement and in no case shall OTC be personally liable for or on account of, any statements, representations, warranties, covenants or obligations stated to be those of Lessor hereunder, except that OTC (or any successor Owner Trustee) shall be personally liable (i) in the case of handling funds, for its failure to act with the same care as OTC uses in handling its own funds and, in all other cases, for its gross negligence or wilful misconduct and (ii) for its breach of its covenants, representations and warranties contained herein to the extent covenanted or made in its individual capacity.

SECTION 24. INVESTMENT OF SECURITY FUNDS; MISCELLANEOUS.

Any moneys received by Lessor or Indenture Trustee and required to be paid to Lessee pursuant to Section 11.5, 11.6 or 12.2 as the case may be, until paid to Lessee as provided in Section 11.5, 11.6 or 12.2 or as otherwise applied as provided herein or in the Trust Agreement and Indenture, shall be invested in Permitted Investments by Lessor (unless the Lien of the Indenture has not been discharged, in which case, by Indenture Trustee as provided in Section 9.3 of the Indenture) from time to time as directed in writing by Lessee, if such investments are reasonably available for purchase. There shall be promptly remitted to Lessee, so long as no Lease Default or Lease Event of Default exists, any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such

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investment). Lessee will promptly pay to Lessor or Indenture Trustee, as the case may be, on demand, the amount of any net loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment), such amount to be held and disposed of in accordance with the terms hereof and of the Trust Agreement and the Indenture.

SECTION 25. MISCELLANEOUS.

25.1 Governing Law; Severability. This Lease, and any extensions, amendments, modifications, renewals or supplements hereto shall be governed by and construed in accordance with the laws and decisions of Illinois without regard to principles of conflicts of law; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or invalid under the laws of any jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease as to such jurisdiction or in any other jurisdiction.

25.2 Execution in Counterparts. This Lease may be executed in any number of counterparts, each executed counterpart constituting an original and all such counterparts constituting but one and the same agreement; provided, however, that to the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by Indenture Trustee on the signature page hereof, which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code.

25.3 Headings and Table of Contents; Section References. 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 hereof. All references herein to numbered sections, unless otherwise indicated, are to sections of this Lease.

25.4 Successors and Assigns. This Lease shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective permitted successors and assigns. Except as expressly provided herein, no party hereto may

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assign its interests herein without the consent of the other parties hereto and Indenture Trustee.

25.5 True Lease. It is the intent of the parties to this Lease that: this lease is to be treated as a lease for Federal income tax purposes, is a true lease and not a "conditional sale" under the Bankruptcy Code, and is a "finance lease" under Article 2A of the Illinois Uniform Commercial Code; Lessor shall at all times be considered to be the owner of each Unit that is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by income; and this Lease conveys to Lessee no right, title or interest in any Unit except as lessee. Nothing contained in this Section 25.5 shall be construed to limit Lessee's use or operation of any Unit in accordance with the terms hereof.

25.6 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 hereto and except as may be permitted by the Indenture.

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

25.8 Business Days. If the date on which any payment is to be made pursuant to this Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day, and, except as otherwise required by the Indenture, without any additional amount accruing with respect thereto, with the same force and effect as if made on the date when such payment is due.

25.9 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.

25.10 Incorporation by Reference. The obligations set forth in Sections 7.1 and 7.2 of the Participation Agreement are hereby incorporated by reference.

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25.11 Lessee's Right of Non-Interference. Lessor shall not take, or cause to be taken, any affirmative action contrary to Lessee's rights under this Lease, including, without limitation, the right to possession and use by Lessee or any permitted sublessee of the Units unless and until a Lease Event of Default exists or the term of the Lease has expired (and Lessee has not exercised its option to purchase the Units) or has been terminated in accordance with the terms hereof. Lessee's remedy for any breach of the foregoing shall be limited to a claim for actual damages or the commencement of an action to enjoin such breach. Lessor acknowledges that specific performance would be an appropriate remedy therefor.

* * * * *

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STATE OF Delaware)
) SS
COUNTY OF New Castle)

On this 27 of December, 1994, before me personally appeared [REDACTED] and [REDACTED], to me personally known, who being by me duly sworn, say that they are Financial Services Officer and [REDACTED], respectively of WILMINGTON TRUST COMPANY, that said instrument was signed and sealed on behalf of said corporation on such day by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

[NOTARIAL SEAL]

My commission expires: _____

[Faint Notary Seal]

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IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed and delivered on the day and year first above written.

LESSOR:

WILMINGTON TRUST COMPANY,
not in its individual capacity except
as otherwise expressly provided but
solely as Owner Trustee

By: _____
Name: _____
Title: _____

WISCONSIN CENTRAL LTD.

By: Susan H. Norton
Name: Susan H. Norton
Title: AVP Treasurer

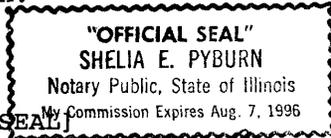
Receipt of the original
counterpart of the foregoing
Lease is hereby acknowledged
this ____ day of December, 1994.

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name: _____
Title: _____

STATE OF ILLINOIS)
COUNTY OF COOK) SS

On this 27th of December, 1994, before me personally appeared SUSAN H. NORTON, to me personally known, who being by me duly sworn, say that he/she is AVP-TREASURER of WISCONSIN CENTRAL LTD., that said instrument was signed and sealed on behalf of said corporation on such day by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Shelia E. Pyburn
Notary Public

My commission expires: August 7, 1996

EXHIBIT A
Equipment Lease Agreement

FORM OF

LEASE SUPPLEMENT 1994-3 NO. ___

dated _____, 1994

between

WILMINGTON TRUST COMPANY,
not in its individual
capacity except as expressly provided
herein but solely as Owner Trustee,
Lessor

and

WISCONSIN CENTRAL LTD.
Lessee.

CERTAIN OF THE RIGHT, TITLE AND INTEREST OF LESSOR IN AND TO THIS LEASE SUPPLEMENT, THE UNITS COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE UNDER THE LEASE HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE AND SECURITY AGREEMENT 1994-3, DATED AS OF DECEMBER 27, 1994, BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND LESSOR, AS DEBTOR. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM INDENTURE TRUSTEE AT ITS ADDRESS SET FORTH IN SECTION 20 OF THE LEASE. THIS LEASE SUPPLEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS, BUT ONLY THE COUNTERPART TO BE DEEMED THE ORIGINAL COUNTERPART FOR CHATTEL PAPER PURPOSES CONTAINS THE RECEIPT THEREFOR EXECUTED BY FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, AS INDENTURE TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 25.2 OF THE LEASE FOR INFORMATION CONCERNING THE RIGHTS OF THE ORIGINAL HOLDER AND THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on _____, 199_, at _____
Recordation Number _____, and deposited in the office
of the Registrar General of Canada pursuant to
Section 90 of the Railway Act of Canada on
_____, 199_, at _____.

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LEASE SUPPLEMENT 1994-3 NO. ___ dated _____, 199_ (this "Lease Supplement") between WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee ("Lessor") under the Trust Agreement, and WISCONSIN CENTRAL LTD., a Delaware corporation ("Lessee");

R E C I T A L S :

A. Lessor and Lessee have heretofore entered into that certain Equipment Lease Agreement 1994-3 dated as of December 27, 1994 (the "Lease"). Unless otherwise defined herein, capitalized terms used herein have the meanings specified in Appendix A to the Lease; and

B. The Lease provides for the execution and delivery of a Lease Supplement on each Closing Date substantially in the form hereof for the purpose of confirming the acceptance and lease of certain of the Units under the Lease in accordance with the terms thereof;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Inspection and Approval. Lessee hereby acknowledges and confirms that it has inspected and approved the Units set forth on Schedule 1 hereto and, as between Lessor and Lessee, such Units comply in all material respects with the specifications for such Units and are in good working order.

2. Delivery and Acceptance. Lessor hereby confirms delivery and lease to Lessee, and Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, of the Units listed on Schedule 1 hereto.

3. Warranty. Lessee hereby represents and warrants that no event that would constitute an Event of Loss under the Lease has occurred with respect to the Units set forth on Schedule 1 hereto as of the date hereof.

4. Basic Rent, Stipulated Loss Values, Termination Values and EBO Prices. The Basic Rent payable under Section 3.2 of the Lease, Stipulated Loss Values, Termination Values and EBO Prices applicable in respect of the Units are set forth, respectively, on the appropriate portions of revised Schedules 3, 4, 5 and 7 to the Participation Agreement. The Equipment Cost is set forth opposite such Unit on Schedule 1 hereto.

5. Confirmation. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to Lessor for each Unit leased hereunder as provided for in the Lease.

6. Incorporation into Lease. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, as supplemented by this Lease Supplement, shall be and remain in full force and effect.

7. References. Any and all notices, requests, certificates and other instruments executed and delivered concurrently with or after the execution and delivery of this Lease Supplement may refer to the "Equipment Lease Agreement 1994-3, dated as of December 27, 1994", or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

8. Counterparts. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

9. Governing Law. This Lease Supplement shall be governed by and construed in accordance with the laws and decisions of Illinois without regard to principles of conflicts of laws; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

10. Warranties. The execution and delivery of this Lease Supplement in no way relieves or decreases the responsibility of any Manufacturer for the warranties it has made with respect to any Unit.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

LESSOR:

WILMINGTON TRUST COMPANY,
not in its individual capacity, but
solely as Owner Trustee

By: _____
Name: _____
Title: _____

LESSEE:

WISCONSIN CENTRAL LTD.

By: _____
Name: _____
Title: _____

Receipt of the original
counterpart of the foregoing
Lease is hereby acknowledged
this ____ day of _____, 199_.* /

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name: _____
Title: _____

*/ on chattel paper original only

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SCHEDULE 1

Units

Unit

Per Unit
Equipment Cost

Equipment Cost for the Units: \$ _____

18182962

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APPENDIX A to
Participation Agreement 1994-3
Equipment Lease Agreement 1994-3
Trust Agreement 1994-3
Trust Indenture and Security Agreement 1994-3

DEFINITIONS

General Provisions

The following terms 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 otherwise requires and such meanings are equally applicable to both the singular and the plural forms of the terms herein defined. In the case of any conflict between this Appendix A and any Operative Agreement, such Operative Agreement controls the construction of such Operative Agreement.

Unless the context otherwise requires, references herein and in any Operative Agreement (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; and (ii) to parties to agreements shall be deemed to include the permitted successors and assigns of such parties.

Defined Terms

"AAR" is defined in Section 8.1 of the Lease.

"Advance" is defined in Section 3.5 of the Lease.

"Affiliate" of any Person means any other Person that 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" means (i) in the case of any amount being paid to any Tax Indemnitee, an amount that, after deduction of all additional federal, state and local income taxes imposed upon such Tax Indemnitee (net of any current and future tax benefits which will accrue to such Tax Indemnitee as a result of the event giving rise to such payment to such Tax Indemnitee) that would not have been imposed but for the receipt or accrual of such amount (or the

receipt or accrual of amounts paid by reason of a "gross-up" provision), is equal to the amount required to be paid under the applicable Operative Agreement, and (ii) in the case of any amount being paid by any Tax Indemnitee, an amount that, after deduction of all additional federal, state and local income taxes saved by such Tax Indemnitee that would not have been saved but for the payment or accrual of the obligation to pay such amount (or the payment or accrual of the obligation to pay amounts by reason of a "gross-up" provision) is equal to the amount to be paid under the applicable Operative Agreement; provided, however, that any requirement contained in the Operative Agreements that an amount be paid to Owner Participant on an After-Tax Basis shall not require such payment to be made on an After-Tax Basis if such amount is on account of allocated time charges, fees and expenses of Bank of America's Legal Department.

"Appraisal" is defined in Section 4.2(a) of the Participation Agreement.

"Assigned Agreements" is defined in the Granting Clause of the Indenture.

"Average Life Date" means, with respect to the prepayment of a Trust Certificate, the date that follows the Prepayment Date by a period equal to the Remaining Weighted Average Life at the Prepayment Date of such Trust Certificate.

"Bankruptcy Code" means the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. § 101 et seq.

"Basic Rent" means, with respect to any Unit, all scheduled rent payable by Lessee to Lessor pursuant to Section 3.2 of the Lease for the Basic Term for such Unit, and all scheduled rent payable pursuant to Section 22.2 or 22.3 of the Lease for any Renewal Term for such Unit.

"Basic Term" is defined in Section 3.1 of the Lease.

"Basic Term Commencement Date" means with respect to each Tranche the date six months less one day following the related Closing Date.

"Basic Term Expiration Date" means for any Tranche of Units, the date 18 years after the Basic Term Commencement Date for such Tranche of Units.

"Beneficial Interest" means the interest of Owner Participant under the Trust Agreement.

"Bill of Sale" means the bill of sale, dated a Closing Date, or the date any Replacement Unit is subjected to the Lease (and the Lien of the Indenture, if the Indenture is in effect), from Lessee Affiliate (or Lessee, in the case of a Replacement Unit) to Owner

Trustee covering the Units delivered on such Closing Date or such Replacement Unit, as the case may be, substantially in the form of Exhibit D to the Participation Agreement.

"Business Day" means 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, San Francisco, California, the city and state (if different from the foregoing) in which the principal corporate trust office of Owner Trustee is located, or, until the Lien of the Indenture is discharged, the city and state (if different from the foregoing) in which the principal corporate trust office of Indenture Trustee is located.

"Business Taxes" is defined in Section 7.1 of the Participation Agreement.

"Certificate Holder's Commitment" is defined in Section 2.3(a) of the Participation Agreement.

"Certificate Holders" means the registered owner(s) of a Trust Certificate.

"Change in Tax Law" means with respect to any Unit (i) an amendment to the Code enacted and effective on or before the Closing Date for such Unit, (ii) a change in the Treasury Regulations, whether proposed, temporary or final, promulgated on or before the Closing Date for such Unit and, in the case of regulations promulgated in proposed form in accordance with the foregoing portion of this clause (ii), finalized on or before December 31, 1995, or (iii) a change in judicial precedent or administrative announcement promulgated or decided on or before the Closing Date for such Unit.

"Claims" is defined in Section 7.2(a) of the Participation Agreement.

"Closing" is described in Section 2.4(a) of the Participation Agreement.

"Closing Date" is defined in Section 2.4(a) of the Participation Agreement.

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

"Co-Registrar" is defined in Section 2.3 of the Indenture.

"Current Principal Amount" means, with respect to a Trust Certificate as of any relevant date, the original principal amount of such Trust Certificate reduced by the amount of principal paid with respect to such Trust Certificate before such date.

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"Debt Rate" means, with respect to any Trust Certificate, 9.13% per annum, computed on the basis of a year of 360 days consisting of twelve 30-day months.

"Defaulted Interest" is defined in Section 2.8(b) of the Indenture.

"Defaulted Payment" is defined in Section 2.8(b) of the Indenture.

"Defaulted Premium" is defined in Section 2.8(b) of the Indenture.

"Delay Fee" is defined in Section 2.8(f) of the Participation Agreement.

"Determination Date" means, with respect to any Unit, each of the dates set forth on Schedule 4 or 5 to the Participation Agreement that relates to such Unit.

"DOT" is defined in Section 8.1 of the Lease.

"EBO Date" means, with respect to each Tranche, the date related to such Tranche set forth on Schedule 7 to the Participation Agreement.

"EBO Price" means, with respect to each Tranche, an amount equal to the product of the percentage set forth for an EBO Date on Schedule 7 to the Participation Agreement in respect of such Tranche multiplied by the aggregate Equipment Cost of the Units of such Tranche.

"Environmental Law" means any and all Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or requirements of any government authority regulating, relating to or imposing liability standards of conduct concerning any Hazardous Substances or environmental protections, as now or may at any time hereafter be in effect, including, without limitation, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act of 1986, the Emergency Planning and Community Right to Know Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Act, the Toxic Substances Control Act, together, in each case, with each amendment, supplement or other modification thereto, and the regulations promulgated thereunder and all substitutions therefor.

"Equipment Cost" means, for each Unit, the purchase price therefor specified on Schedule 2 to the Participation Agreement plus customary and incidental delivery and/or inspection charges related to each Unit rendered by Persons who are not Affiliates of Lessee and specified in the related Notice of Delivery.

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"Equipment Lease" means the Equipment Lease Agreement 1994-3, relating to the Units, dated as of December 27, 1994, between Owner Trustee, in the capacities described therein, as Lessor, and Wisconsin Central Ltd., as Lessee. Such term shall include each Lease Supplement entered into pursuant to the Lease.

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

"ERISA Plan" is defined in Section 2.14 of the Indenture.

"Event of Default" means a Lease Event of Default.

"Event of Loss" is defined in Section 11.1 of the Lease.

"Excepted Property" means (i) all indemnity payments or payments that by the terms of Section 7 of the Participation Agreement, Section 4.3 or 6.1 of the Trust Agreement or any section of the Tax Indemnity Agreement or any corresponding payment under Section 3.3 of the Lease are payable to Owner Participant, Owner Trustee in its individual capacity or any of their respective successors, Affiliates, permitted assigns, directors, officers, employees, servants and agents, (ii) any insurance proceeds payable under insurance maintained by Owner Trustee in its individual capacity or Owner Participant pursuant to Section 12.3 of the Lease, (iii) any insurance proceeds (or government payments in lieu thereof) payable to Owner Trustee in its individual capacity or to Owner Participant, under any public liability insurance maintained by Lessee pursuant to Section 12 of the Lease or by any other Person, (iv) any payments made by Owner Trustee or Owner Participant pursuant to Section 17 of the Lease, (v) any rights of Owner Participant or Owner Trustee in its individual capacity to demand, collect, sue for, or otherwise receive and enforce payment of the amounts described in the foregoing clauses (i) through (iv), provided that the rights referred to in this clause (v) shall not be deemed to include the exercise of any remedies provided for in Section 15 of the Lease other than the right to proceed by appropriate action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants or to recover damages for the breach thereof, (vi) any amount payable to Owner Participant by any Transferee as the purchase price of the Beneficial Interest in compliance with the Participation Agreement and the Trust Agreement, (vii) the respective rights of Owner Trustee in its individual capacity or Owner Participant to the proceeds of the foregoing, and (viii) the rights of Owner Participant under the Tax Indemnity Agreement.

"Fair Market Renewal Term" is defined in Section 22.3 of the Lease.

"Fair Market Rental Value" or "Fair Market Value", with respect to all Units (or portions thereof) with respect to which a determination is being made, means the cash rent or cash price

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obtainable for such Units (or portions thereof) in an arm's-length lease or sale between an informed and willing lessee (other than a lessee in possession) or purchaser/user (other than a purchaser/user in possession and other than a dealer in used equipment of a type similar to the Units) under no compulsion to lease or purchase, as the case may be, and an informed and willing lessor or seller, under no compulsion to lease or sell, as the case may be. In making any determination there shall be no increase to the cash rent or cash price obtainable as a result of the existence of Modifications the title to which is vested in Lessee. Except for determinations for the purposes of Section 15 of the Lease, Fair Market Rental Value and Fair Market Value shall be determined upon the assumption that each Unit (or appropriate portion thereof) is in the condition and repair required under the Lease, free of any Liens other than Lessor Liens. For purposes of Section 15 of the Lease, determinations of Fair Market Rental Value and Fair Market Value shall be determined upon the assumption that each Unit is to be leased or sold on an "as-is, where-is" basis. If the parties are unable to agree upon a Fair Market Rental Value and/or a Fair Market Value within 30 days after delivery of the appropriate notice pursuant to Section 22 of the Lease, or, unless Lessor otherwise consents, if Fair Market Rental Value or Fair Market Value is to be determined for the purposes of Section 15 of the Lease, such values shall be determined by the following appraisal procedure. Determinations under this appraisal procedure shall be conclusively binding on both Lessor and Lessee. (I) If the appraisal procedure is used for any purpose other than Section 15 of the Lease: Lessee, within 10 days after the 30-day period after the delivery of the appropriate notice pursuant to Section 22 of the Lease, will provide Lessor the names of appraisers that would be satisfactory to Lessee, and Lessor and Lessee will consult with the intent of selecting a mutually acceptable appraiser. If a mutually acceptable appraiser is selected, the Fair Market Rental Value and/or the Fair Market Value, as the case may be, shall be determined by such appraiser and set forth in a written appraisal that is in compliance with the "Uniform Standards Of Appraisal Practice" of the Appraisal Foundation. If Lessee and Lessor are unable to agree upon a single appraiser within 10 days after Lessee provides Lessor with the names of appraisers, either party can file with the American Arbitration Association to provide a list of qualified and certified appraisers of recognized standing and knowledgeable in equipment of the type subject to the Lease within 15 days of such filing. Within 10 days of receipt of such list, Lessor and Lessee shall list in order of preference their respective choices for appraisers and the appraiser that is most preferred by both Lessor and Lessee (or, if two appraisers are preferred equally by Lessor and Lessee, the appraiser that is most preferred by both parties but chosen by Lessor) shall perform the appraisal and set forth Fair Market Rental Value or Fair Market Value in a written appraisal that is in compliance with the "Uniform Standards of Appraisal Practice" of the Appraisal Foundation. (II) If the appraisal procedure is used for the purpose of Section 15 of the Lease: Lessor shall select an

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independent qualified and certified appraiser of recognized standing and knowledgeable in equipment of the type subject to the Lease. Such appraisal shall be made within 15 days of appointment. Notwithstanding any of the foregoing, for the purposes of Section 15 of the Lease, the Fair Market Rental Value or the Fair Market Value, as the case may be, shall be zero with respect to any Unit if Lessor theretofore has not been able to recover possession of such Unit in accordance with Section 15.1(b) of the Lease. Lessee shall bear the cost of all appraisals.

"Fair Market Sales Value" with respect to any Unit means the cash price obtainable for such Unit in an arm's length sale between an informed and willing purchaser under no compulsion to purchase and an informed and willing seller under no compulsion to sell.

"Final Determination" means (i) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., the earliest of when all allowable appeals by either party to the action (or with respect to Owner Participant, only such appeals as are required by Section 10 of the Tax Indemnity Agreement) have been exhausted or the time for filing such appeal has expired), (ii) a closing agreement entered into under Section 7121 of the Code (or any successor provision) or any other binding settlement agreement entered into in connection with an administrative or judicial proceeding, in any case with the consent of Lessee, or (iii) the expiration of the time for instituting an initial suit with respect to a claimed deficiency or for instituting a claim for refund or if such a claim was filed, the expiration of the time for instituting suit with respect thereto.

"Fixed Rate Renewal Term" is defined in Section 22.2 of the Lease.

"ERA" is defined in Section 8.1 of the Lease.

"Hazardous Substances" means any hazardous materials, hazardous wastes, hazardous or toxic substances, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, gasoline and any other petroleum products (including crude oil or any fraction thereof), and materials exhibiting the characteristics of ignitability, corrosivity, reactivity or extraction procedure toxicity, as such terms are defined in connection with hazardous materials or hazardous wastes or hazardous or toxic substances in any Environmental Law.

"ICC" means the Interstate Commerce Commission or any successor thereto.

"Indemnified Person" is defined in Section 7.2(b) of the Participation Agreement.

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"Indenture" means the Trust Indenture and Security Agreement 1994-3, dated as of December 27, 1994 between Owner Trustee, in the capacities described therein, and Indenture Trustee. Such terms shall include each Indenture Supplement entered into pursuant to the Indenture.

"Indenture Default" means an Indenture Event of Default or an event that with notice or the lapse of time or both would become an Indenture Event of Default.

"Indenture Estate" is defined in the Granting Clause of the Indenture.

"Indenture Event of Default" is defined in Section 8.1 of the Indenture.

"Indenture Supplement" means (i) an Indenture Supplement dated a Closing Date or the date that any Replacement Unit is subjected to the Lien and security interest of the Indenture, substantially in the form of Exhibit B to the Indenture, between Owner Trustee, in the capacities described therein, and Indenture Trustee, covering the Units related to such Closing Date or such Replacement Unit, as the case may be, or (ii) any supplement or amendment entered into from time to time between Owner Trustee, in the capacities described therein, and Indenture Trustee.

"Indenture Trustee" means First Security Bank of Utah, National Association, a national banking association, as trustee under the Indenture and its successors thereunder.

"Indenture Trustee Agreements" means the Operative Agreements to which Indenture Trustee is or will be a party.

"Interchange Rules" means the interchange rules or supplements thereto of the Mechanical Division of the Association of American Railroads, as in effect from time to time.

"Interests" is defined in Section 3.6(c) of the Participation Agreement.

"Interim Interest" means any interest that is due and payable on the appropriate Basic Term Commencement Date under the related Trust Certificates, assuming no Lease Event of Default or Indenture Event of Default exists.

"Interim Interest Payment Date" means any date upon which Interim Interest is due and payable.

"Interim Term" is defined in Section 3.1 of the Lease.

"Internal Revenue Service Guidelines" means Revenue Procedures 75-21 and 75-28.

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"ITC" is defined in Section 3.3 of the Participation Agreement.

"Late Rate" means (i) with respect to the portion of any payment required to be distributed to the Certificate Holders pursuant to the Indenture, Lessor (whether directly or pursuant to the Indenture), Owner Participant or Owner Trustee, in its individual capacity, the rate per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) equal to the lesser of (a) 2% over the Debt Rate borne by the related Trust Certificate and (b) the maximum interest rate from time to time permitted by law, and (ii) with respect to any amount payable to Lessee, the rate per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months) equal to the lesser of (a) 2% over the Debt Rate and (b) the maximum interest rate from time to time permitted by law.

"Lease" or "Lease Agreement" means the Equipment Lease.

"Lease Default" means a Lease Event of Default, an Event of Default or an event that with notice or lapse of time or both would become a Lease Event of Default.

"Lease Event of Default" and "Event of Default" shall have the meanings specified in Section 14 of the Lease.

"Lease Supplement" means (i) a Lease Supplement 1994-3, dated a Closing Date or the date that any Replacement Unit is subjected to the Lease, substantially in the form of Exhibit A to the Lease, between Lessor and Lessee, covering the Units related to such Closing Date or such Replacement Unit, as the case may be, or (ii) any supplement or amendment entered into from time to time between Lessor and Lessee.

"Lease Term" means, with respect to any Unit, the Interim Term applicable to such Unit, the Basic Term applicable to such Unit and any Renewal Term applicable to such Unit then in effect.

"Legal Fees and Expenses" means the reasonable legal fees and expenses of outside counsel to any party to the Operative Agreements; provided, however, that in the case of BA Leasing & Capital Corporation, including the allocated time charges of internal counsel.

"Lessee" means Wisconsin Central Ltd., an Illinois corporation, and any successor or assign permitted under Section 6.7 of the Participation Agreement.

"Lessee Affiliate" means WCL Railcars, Inc., an Illinois corporation.

"Lessee Affiliate Agreements" means the Operative Agreements to which Lessee Affiliate is a party.

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"Lessee Agreements" means the Operative Agreements to which Lessee is a party.

"Lessee Request" means a written request of Lessee executed on its behalf by a Responsible Officer.

"Lessor" is defined in the recitals to the Lease.

"Lessor Liens" means any Lien on the Units or other portions of the Trust Estate arising as a result of (i) claims against Owner Trustee (in its individual capacity or as Owner Trustee) or Owner Participant, not related to the transactions contemplated by the Operative Agreements, or (ii) acts or omissions of Owner Trustee (in its individual capacity or as Owner Trustee) or Owner Participant, not related to the transactions contemplated by the Operative Agreements or in breach of any covenant or agreement of such Person set forth in any of the Operative Agreements, or (iii) taxes imposed against Owner Trustee (in its individual capacity or as Owner Trustee) or Owner Participant or the Trust Estate not indemnified against by Lessee under the Participation Agreement or the Tax Indemnity Agreement, or (iv) claims against Lessor or Owner Participant arising out of the transfer (whether voluntary or involuntary) by Lessor or Owner Participant (without the consent of Lessee and Indenture Trustee) of all or any portion of their respective interests in the Units, the Trust Estate or the Operative Agreements, other than a transfer pursuant to Sections 10, 11, 15 or 22 of the Lease.

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

"Majority In Interest", as of a particular date of determination means with respect to any action or decision of the Certificate Holders, the holders of more than 50% in aggregate principal unpaid amount of the Trust Certificates, if any, then outstanding that are affected by such decision or action, excluding any Trust Certificates held by Owner Participant or an Affiliate of Owner Participant unless all Trust Certificates are so held by Owner Participant and its Affiliates.

"Manufacturer" means Chicago and North Western Railway Company, a Delaware corporation.

"Manufacturer's Consent" means the Manufacturer's Consent from Manufacturer; provided that clause (i) of the second paragraph of the General Provisions of this Appendix A shall not apply to this definition unless Owner Trustee, Indenture Trustee, Owner Participant and a Majority In Interest otherwise consent.

"Material Adverse Effect" means, with respect to Lessee or Lessee Affiliate, as the case may be, a material adverse effect on (i) the business, assets, operations or conditions (financial or

otherwise) of Lessee or Lessee Affiliate, as the case may be, (ii) the ability of Lessee or Lessee Affiliate, as the case may be, to enter into and perform its obligations under any of the Operative Agreements to which it is a party, and (iii) the exercise by Lessor or its assignee of rights and remedies against Lessee or Lessee Affiliate under the Operative Agreements.

"Maturity" means, with respect to the Trust Certificates of any Series, all of the Trust Certificates maturing on a particular Maturity Date.

"Maturity Date" with respect to each Trust Certificate of a Series, means the Payment Date specified in Exhibit B to the Indenture Supplement under which such Series of Trust Certificates is issued as the final maturity date of such Trust Certificate.

"Modification" is defined in Section 9.2 of the Lease.

"Net Economic Return" means, with respect to each Closing Date, the original Owner Participant's (a) anticipated net after-tax yield, as it may be adjusted under clause (H) of Section 2.7(a)(i) of the Participation Agreement, and (b) anticipated periodic after-tax cash flow, reflected in the computations of Basic Rent, Stipulated Loss Values, Termination Values and EBO Prices initially set forth in the original Schedules 3, 4, 5, 6 and 7 to the Participation Agreement, computed utilizing the multiple investment sinking fund method of analysis and the same assumptions (including, without limitation, the Tax Assumptions) as used by the original Owner Participant in making the computations of Basic Rent, Stipulated Loss Values, Termination Values and EBO Prices initially set forth in the original Schedules 3, 4, 5, 6 and 7 to the Participation Agreement.

"Non-Severable Modification" means any Modification that is not readily removable without causing material damage to any Unit.

"Non-Utilization Fees" means for each Certificate Holder stated in dollars calculated in accordance with the following formula:

$$(\text{Commitment} - \text{FA}) \times [\text{BP}_1 - \text{BP}_2 / \text{BP}_2] *$$

* provided that BP_1 , less BP_2 , shall be a non-negative number.

where "Commitment" shall equal the amount of such Certificate Holder's nominal commitment as set forth under the caption "Nominal Commitment" on Schedule 8 to the Participation Agreement.

where "FA" shall equal the aggregate principal amount of all Trust Certificates purchased on or prior to June 30, 1995

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where "BP₁" shall equal the average of the bid and asked prices (stated in dollars) for coupon-bearing United States Treasury Bonds maturing November, 2004 (having a coupon rate of 7.875%) (the "Bond Price") as published in The Wall Street Journal on June 30, 1995, or if no such rate is published on the latest date preceding June 30, 1995 for which such rate is published; and

where "BP₂" shall equal the Bond Price as published in The Wall Street Journal on November 29, 1994.

"Notice of Delivery" is defined in Section 2.4(a) of the Participation Agreement.

"Officer's Certificate" means a certificate signed (i) in the case of a corporation, by the President, any Vice President, any Assistant 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 Agreements" means the Participation Agreement, the Bills of Sale, the Trust Agreement, the Trust Certificates, the Lease (including each Lease Supplement), the Indenture (including each Indenture Supplement), the Tax Indemnity Agreement, the Rebuild Agreement, the Rebuild Agreement Assignment, the Manufacturer's Consent and the Assigned Agreements.

"Opinion of Counsel" means a written opinion of legal counsel, who, (a) in the case of counsel for Lessee may be (i) McLachlan, Rissman & Doll or (ii) other counsel designated by Lessee and who shall be reasonably satisfactory to Owner Participant and to Indenture Trustee, (b) in the case of legal counsel for Owner Trustee, may be (i) Richards, Layton & Finger or (ii) other counsel designated by Owner Trustee and who shall be reasonably satisfactory to Owner Participant and to Indenture Trustee, and (c) in the case of counsel for Owner Participant may be (i) a senior counsel employed by Owner Participant, (ii) Mayer, Brown & Platt, or (iii) other counsel designated by Owner Participant and who shall be reasonably satisfactory to Indenture Trustee.

"Optional Modification" is defined in Section 9.2 of the Lease.

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"OTC" is defined in Section 3.1 of the Participation Agreement.

"Other Participation Agreement" and "Other Participation Agreements" means each or both of, as the case may be, (i) the Participation Agreement 1994-1, dated as of December 27, 1994, among Wisconsin Central Ltd., as Lessee, WCL Railcars, Inc., as Lessee Affiliate, Wilmington Trust Company, as Owner Trustee, the owner participant named therein, as Owner Participant, the certificate holders listed on Schedule 1 thereto, and First Security Bank of Utah, National Association, as Indenture Trustee, and (ii) the Participation Agreement 1994-2, dated as of December 27, 1994, among Wisconsin Central Ltd., as Lessee, WCL Railcars, Inc., as Lessee Affiliate, Wilmington Trust Company, as Owner Trustee, the owner participant named therein, as Owner Participant, the certificate holders listed on Schedule 1 thereto, and First Security Bank of Utah, National Association, as Indenture Trustee.

"Outstanding", when used with respect to any Series of Trust Certificates means, as of any date of determination, all Trust Certificates of such Series theretofore executed and delivered and authenticated under the Indenture, other than:

(a) Trust Certificates theretofore canceled by Indenture Trustee or delivered to Indenture Trustee for cancellation pursuant to Section 2.7 of the Indenture or otherwise;

(b) Trust Certificates for whose payment (but only to the extent of such payment) or prepayment money in the necessary amount has been theretofore deposited with Indenture Trustee in trust for the Certificate Holders with respect to such Trust Certificates; provided that if such Trust Certificates are to be redeemed or prepaid, notice of such redemption or prepayment has been duly given pursuant to the Indenture or provision therefor satisfactory to Indenture Trustee has been made; and

(c) Trust Certificates in exchange for or in lieu of which other Trust Certificates that have been authenticated, executed and delivered pursuant to the Indenture;

provided, however, that in determining whether the Certificate Holders of the requisite aggregate principal amount of Trust Certificates Outstanding have given any request, demand, authorization, declaration, direction, notice, consent or waiver under the Indenture, Trust Certificates owned by or pledged to Lessee, Owner Trustee or Owner Participant or any Affiliate of any thereof shall be disregarded and deemed not to be Outstanding, except that, in determining whether Indenture Trustee shall be protected in relying upon any such request, demand, authorization, declaration, direction, notice, consent or waiver, only Trust Certificates that Indenture Trustee knows to be so owned or so

pledged shall be disregarded, and except if all Trust Certificates are so owned or pledged. The foregoing proviso shall not negate the prohibitions set forth in Section 6.8 of the Participation Agreement.

"Owner Participant" means Owner Participant as defined in the Participation Agreement, any corporation that succeeds thereto by merger or consolidation or any Transferee thereof permitted by Section 6.1 of the Participation Agreement.

"Owner Participant Agreements" means the Operative Agreements to which Owner Participant is or will be a party.

"Owner Participant's Commitment" is defined in Section 2.2(a) of the Participation Agreement.

"Owner Trustee" means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee under the Trust Agreement and its successors thereunder.

"Owner Trustee Agreements" means the Operative Agreements to which Owner Trustee, either in its individual capacity or as Owner Trustee, is or will be a party.

"Participants" means Owner Participant and the Certificate Holders.

"Participation Agreement" means the Participation Agreement 1994-3, dated as of December 27, 1994, among Lessee, Lessee Affiliate, Owner Trustee, in the capacities described therein, Owner Participant, the Certificate Holders listed on Schedule 1 thereto, and Indenture Trustee, in the capacities described therein.

"Paying Agent" means any Person acting as Paying Agent under the Indenture pursuant to Section 2.3 of the Indenture.

"Payment Amount" means, with respect to the Trust Certificates of any Series, the total amount of the payment of principal due and payable on each Payment Date, as set forth in the appropriate Indenture Supplement, and as adjusted for prepayments pursuant to the Indenture. As to any single Trust Certificate, "Payment Amount" means the portion of total Payment Amount set forth therein in dollar or percentage terms.

"Payment Date" means, with respect to both payments of principal and interest, for each Series of Trust Certificates related to a Tranche each semi-annual anniversary of the Basic Term Commencement Date, commencing on the first such date to occur after the initial issuance of such Series.

"Permitted Investments" means (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association (in each case excluding Owner Participant and its Affiliates) incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$1,000,000,000 (including OTC and ITC if such conditions are met) and having a rating assigned to the long-term unsecured debt of such institutions by Standard & Poor's Corporation and Moody's Investors Service, Inc. at least equal to AA and AA2, respectively, and (iv) commercial paper of companies, banks, trust companies or national banking associations (in each case excluding Lessee, Owner Participant and their respective Affiliates) incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization; provided that if all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above; provided, further, that no investment shall be eligible as a "Permitted Investment" unless the final maturity or date of return of such investment is 90 days or less from the date of purchase thereof; and provided, finally, that if funds are invested pursuant to Section 2.8(a) of the Participation Agreement, the final maturity or date of return of such investment shall not be later than the postponed Closing Date determined pursuant to Section 2.8(b) of the Participation Agreement and in no event shall the investment period for such funds exceed three days.

"Permitted Liens", with respect to any Unit, means: (i) the interests of Lessee and Owner Trustee under the Lease; (ii) the interest of Lessee and any sublessee as provided in any sublease permitted pursuant to Section 8.3 of the Lease; (iii) any Liens thereon for taxes, assessments, levies, fees and other government 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 risk other than a de minimus risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of, any Unit or any interest therein, or any risk of interference with the payment of Rent, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Indemnified Person, (c) such contest would not materially and adversely affect the rights, titles and interests of Owner Trustee or Indenture Trustee in or to any Unit

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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 arising in the ordinary course of Lessee's (or if a sublease permitted pursuant to Section 8.3 of the Lease is then in effect, any sublessee's) business securing obligations that 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 risk other than a de minimus risk of sale, forfeiture or loss of, or loss or any risk of interference with use or possession of, or diminution of value, utility or useful life of, any Unit or any interest therein, or interference with the payment of Rent, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Indemnified Person, (c) such contest would not materially and adversely affect the rights, titles and interests of Owner Trustee or Indenture Trustee 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; (v) the Lien and security interest granted to Indenture Trustee under and pursuant to the Indenture, and the respective rights of the Certificate Holders, Indenture Trustee, Owner Participant and Owner Trustee under the Operative Agreements; (vi) Liens arising out of any judgment or award against Lessee (or any sublessee permitted pursuant to Section 8.3 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 has been secured a stay of execution pending such appeal or proceeding for review so long as (a) there exists no risk other than a de minimus risk of sale, forfeiture or loss of, or loss or interference with the use or possession of, or diminution of value, utility or useful life of, any Unit or any interest therein, or any risk of interference with the payment of Rent, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Indemnified Person, (c) such contest would not materially and adversely affect the rights, titles and interests of Owner Trustee or Indenture Trustee in or to any Unit or any interest therein, and (d) such Lien has been fully bonded to the satisfaction of Owner Participant and Indenture Trustee and appropriate reserves with respect thereto are maintained in accordance with generally accepted accounting principles; and (vii) salvage rights of insurers under insurance policies maintained by Lessee pursuant to Section 12 of the Lease.

"Permitted Sublease" is defined in Section 8.3 of the Lease.

"Person" means an individual, partnership, corporation, trust, limited liability company, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Plans" is defined in Section 3.5 of the Participation Agreement.

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"Premium" means, with respect to the principal amount of any Trust Certificate to be prepaid on any Prepayment Date, the amount (which may be zero, but shall never be less than zero) as of the second Business Day before such Prepayment Date equal to the product obtained by multiplying (a) the excess, if any, of (i) the sum of the present values of all the remaining scheduled payments of principal and interest from the Prepayment Date to the respective dates on which such payments would otherwise have become due, including the Maturity of such Trust Certificate (but excluding that portion of any scheduled payment of interest that is actually due and paid on the Prepayment Date), discounted semi-annually on each Rent Payment Date at a rate equal to the Treasury Rate plus 0.50% per annum, based on a 360-day year of twelve 30-day months, over (ii) the aggregate unpaid principal amount of such Trust Certificate plus any accrued but unpaid interest thereon by (b) a fraction the numerator of which shall be the principal amount of such Trust Certificate to be prepaid on such Prepayment Date and the denominator of which shall be the aggregate unpaid principal amount of such Trust Certificate; provided that the aggregate unpaid principal amount of such Trust Certificate for the purposes of clause (a) (ii) and (b) of this definition shall be determined after deducting the principal payment, if any, due on such Prepayment Date.

"Prepayment Date" means the date on which the Trust Certificates are to be prepaid or redeemed (or purchased in lieu of prepayment or redemption, as applicable) pursuant to Section 6.1 or 8.3(e) (iii) of the Indenture, which date, unless otherwise stated in the Indenture, shall be a Payment Date.

"Prepayment Price" means the price at which the Trust Certificates are to be prepaid or redeemed (or purchased in lieu of prepayment or redemption, where applicable), determined as of the applicable Prepayment Date, pursuant to Section 6.1 or 8.3(e) of the Indenture, as the case may be.

"Reasonable Basis Opinion" means a written opinion to the effect that the position to be asserted is warranted in existing law or can be supported by a good faith extension, modification or reversal of existing law and that there is a realistic possibility that such position will be upheld if (or when) the matter is litigated all as set forth in American Bar Association Formal Opinion 85-352.

"Rebuild Agreement" means the Railcar Rebuild Agreement, dated April 29, 1994, between Lessee Affiliate and Manufacturer; provided that clause (i) of the second paragraph of the General Provisions of this Appendix A shall not apply to this definition unless Owner Trustee, Indenture Trustee, Owner Participant and a Majority In Interest otherwise consent.

"Rebuild Agreement Assignment" means the Rebuild Agreement Assignment 1994-3, dated as of December 27, 1994, among Lessee,

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Lessee Affiliate and Owner Trustee substantially in the form of Exhibit C to the Participation Agreement.

"Record Date" for the interest or Payment Amount payable on any Payment Date means the calendar day (whether or not a Business Day) that is ten calendar days prior thereto.

"Reference Rate" means the rate of interest publicly announced from time to time by Bank of America National Trust and Savings Association ("Bank of America") in San Francisco, California as its Reference Rate. The Reference Rate is a rate set by Bank of America based upon various factors, including costs of Bank of America and desired return, general economic conditions, and other factors, and is used as a reference point for pricing some loans. Bank of America may price loans at, above or below the Reference Rate. Any change in the Reference Rate shall take effect on the day specified in the public announcement.

"Register" is defined in Section 2.3 of the Indenture.

"Registrar" is defined in Section 2.3 of the Indenture.

"Remaining Weighted Average Life" means, as of any date, with respect to prepayment or redemption of a Trust Certificate, the number of days equal to the quotient obtained by dividing (A) the sum of the products obtained by multiplying (1) the amount of each remaining principal payment on such Trust Certificate as of such date by (2) the number of days from and including the prepayment or redemption date to but excluding the scheduled payment date of such principal payment by (B) the unpaid principal amount of such Trust Certificate as of such date.

"Renewal Term" means, with respect to any Unit, any term in respect of which Lessee exercises its option to renew the Lease for such Unit pursuant to Section 22.2 or 22.3 thereof, including the Fair Market Renewal Term and the Fixed Rate Renewal Term.

"Rent" means all Basic Rent and Supplemental Rent.

"Rent Payment Date" means the dates set forth on Schedule 3 to the Participation Agreement, as adjusted pursuant to Section 2.7 of the Participation Agreement.

"Replacement Unit" means a unit of rolling stock that meets the standards of Section 11.2(i) of the Lease and is leased under the Lease pursuant to Section 11.4 of the Lease.

"Required Modification" is defined in Section 9.1 of the Lease.

"Responsible Officer" means, 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

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President, Treasurer, Assistant Treasurer or other officer, who in the normal performance of his or her operational responsibility would have knowledge of such matters and the requirements with respect thereto.

"Scheduled Closing Date" is defined in Section 2.8(b) of the Participation Agreement.

"Secured Indebtedness" means and includes all loans, advances, debts, covenants, agreements, liabilities and other obligations owed by Owner Trustee to Indenture Trustee and the Certificate Holders pursuant to the Indenture, the Trust Certificates or the Participation Agreement, now existing or hereafter arising (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, voluntary or involuntary, whether or not jointly owed with others, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, including, without limitation, (i) payment to Indenture Trustee and the Certificate Holders of all principal of, Premium and interest on the Trust Certificates and any modifications, extension or renewals of such Trust Certificates (including, without limitation, (x) modifications of the required principal and interest payment dates, deferring or accelerating such payment dates in part and/or (y) modifications, extension and renewals at a different rate of interest, whether or not any such modification, extension or renewal is evidenced by new or additional Trust Certificates) and (ii) all interest, fees, charges or expenses (including Legal Fees and Expenses) chargeable to or payable by Owner Trustee pursuant to the terms of the Indenture, the Trust Certificates or the Participation Agreement.

"Series" means, with respect to the Trust Certificates, all Trust Certificates issued with respect to Units having the same Closing Date and, by reason thereof, designated as a Series pursuant to Section 2.1 of the Indenture (or such other designation consistent with the purpose of the Indenture and the other Operative Agreements as Owner Participant and Lessee from time to time shall specify).

"Series A Trust Certificates", "Series B Trust Certificates", "Series C Trust Certificates", "Series D Trust Certificates" and "Series E Trust Certificates" are defined in Section 2.1 of the Indenture.

"Settlement Date" is defined in Section 11.2 of the Lease.

"Severable Modification" means any Modification other than a Non-Severable Modification.

"Stipulated Loss Value", for any Unit as of any Determination Date, means the amount determined by multiplying the Equipment Cost for such Unit by the percentage set forth in the appropriate

portion of Schedule 4 to the Participation Agreement relating to such Unit (as said Schedule is from time to time in effect) opposite the Determination Date on which such Stipulated Loss Value is being determined; provided that during any Renewal Term, "Stipulated Loss Value" shall be determined as provided in Section 22.5 of the Lease. Anything contained in the Lease or in the Participation Agreement to the contrary notwithstanding, Stipulated Loss Value for such Unit (both before and after any adjustment pursuant to Section 2.7 of the Participation Agreement or any deduction pursuant to Section 3.5 of the Lease), together with any installment of Basic Rent payable in arrears as of such date, under any circumstances and in any event, will be an amount that will be at least sufficient to pay in full as of the date of payment thereof, the portion of the unpaid principal of the Trust Certificates that is related to such Unit, together with all unpaid interest accrued to the date on which such amount is paid in accordance with the terms thereof.

"Storage Period" is defined in Section 6.1 of the Lease.

"Subsidiary" of any Person means 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 that is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including, without limitation, (i) Termination Value, Stipulated Loss Value and EBO Price payments, (ii) payments pursuant to Section 7 of the Participation Agreement, Sections 3.3 (including payments calculated by reference to Premium) and 3.5 of the Lease and the Tax Indemnity Agreement and (iii) payments calculated by reference to any Premium on the Trust Certificates.

"Tax Assumptions" is defined in Section 2 of the Tax Indemnity Agreement.

"Tax Counsel" means (a) Mayer, Brown & Platt or (b) any other independent firm of attorneys nationally recognized as being expert in tax matters selected jointly by Owner Participant and Lessee.

"Taxes" is defined in Section 7.1(b) of the Participation Agreement.

"Tax Indemnitee" is defined in Section 7.1(a) of the Participation Agreement.

"Tax Indemnity Agreement" means the Tax Indemnity Agreement 1994-3, dated as of December 27, 1994, between Lessee and Owner Participant.

"Termination Date" is defined in Section 10.1 of the Lease.

"Termination Value", for any Unit as of any date during the Basic Term, means the amount determined by multiplying the Equipment Cost for such Unit by the percentage set forth in the appropriate portion of Schedule 5 to the Participation Agreement relating to such Unit (as said Schedule is from time to time in effect) opposite the date on which such Termination Value is being determined. Anything contained in the Lease or in the Participation Agreement to the contrary notwithstanding, Termination Value for such Unit (both before and after any adjustment pursuant to Section 2.7 of the Participation Agreement or any deduction pursuant to Section 3.5 of the Lease), together with any installment of Basic Rent payable in arrears as of such date, under any circumstances and in any event, will be an amount that will be at least sufficient to pay in full as of the date of payment thereof, the portion of the unpaid principal of the Trust Certificates related to such Unit, together with all unpaid interest accrued to the date on which such amount is paid in accordance with the terms thereof.

"Total Equipment Cost" means the sum of the Equipment Cost for each Unit up to a maximum for all Units of \$28,305,585.

"Tranche" is defined in Section 2.3 of the Lease.

"Tranche I" is defined in Section 2.3 of the Lease.

"Tranche II" is defined in Section 2.3 of the Lease.

"Tranche III" is defined in Section 2.3 of the Lease.

"Tranche IV" is defined in Section 2.3 of the Lease.

"Tranche V" is defined in Section 2.3 of the Lease.

"Transaction Costs" is defined in Section 2.6(a) of the Participation Agreement.

"Transferee" is defined in Section 6.1(a) of the Participation Agreement.

"Treasury Note Rate" means a per annum rate (expressed as a semiannual equivalent and as a decimal) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities with a maturity of six and one half years, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (A) one maturing at five years and (B) the

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other maturing at ten years, in each case as published in the most recent H.15(519). "H.15(519)" means "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means a H.15(519) that is published before the close of business on the third Business Day preceding the relevant Closing Date.

"Treasury Rate" means with respect to prepayment of each Trust Certificate, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Trust Certificate, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Trust Certificate and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Trust Certificate, in each case as published in the most recent H.15(519) (or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Trust Certificate is reported in the most recent H.15(519), as published in H.15(519)). "H.15(519)" means "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) that is published before the close of business on the third Business Day preceding the scheduled Prepayment Date.

"Trust Agreement" means the Trust Agreement 1994-3, dated as of December 27, 1994, between Owner Participant and OTC.

"Trust Certificate" means the Trust Certificates, each to be substantially in the form of Exhibit A to the Indenture, issued by Owner Trustee pursuant to Section 2.1 of the Indenture, and authenticated by Indenture Trustee, in principal amounts and bearing interest at the rates and payable as provided in Section 2.1 of the Indenture and secured as provided in the Granting Clause of the Indenture, and shall include any Trust Certificates issued in exchange therefor pursuant to Section 2.4 of the Indenture.

"Trust Estate" is defined in Section 2.2 of the Trust Agreement.

"Trust Indenture" means the Indenture.

"Trustee" and "Trustees" means each of or both of, as the case may be, Owner Trustee or Indenture Trustee.

"Trustee Documents" is defined in Section 2.1 of the Trust Agreement.

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"Unit" means one of the Units.

"Units" means collectively those units of rolling stock described in the Lease Supplements and the Indenture Supplements, together with any and all appliances, parts, instruments, accessories, furnishings, other equipment, accessions, additions, improvements, substitutions and replacements from time to time incorporated or installed in any item thereof and any and all appliances, parts, instruments, accessories, furnishings and other equipment title to which rests in, and that is the property of, Owner Trustee pursuant to the Lease, and unless the context otherwise specifies, all records and documents related to such units of rolling stock.

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