

0100573065

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.
20006-2973
(202) 393-2266
FAX (202) 393-2156

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

OF COUNSEL
URBAN A. LESTER

Account reports - Kim Bartman

March 27, 1995

19318-A-C
MAR 27 1995 11:54 AM
LICENSING DIVISION
MAR 27 11 54 AM '95

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

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) copies of an Equipment Lease, dated as of March 15, 1995, a primary document and two (2) copies each of a Loan and Security Agreement, dated as of March 15, 1995, an Equipment Lease Supplement No.1, dated March 24, 1995 and a Loan and Security Agreement Supplement No. 1, dated March 24, 1995, all being secondary documents related to the aforesaid primary document.

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

Equipment Lease and Supplement No. 1

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

Lessee: Kansas City Southern Railway Company
114 West 11th Street
Kansas City, Missouri 64105-1804

Mr. Vernon A. Williams
March 27, 1995
Page 2

Loan and Security Agreement and Supplement No. 1

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

Secured Party: State Farm Life Insurance Company
1 State Farm Plaza
Investment Legal Department E-10
Bloomington, Illinois 61710

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

210 railcars KCS 505000 through KCS 505209

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 the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bg
Enclosures



Interstate Commerce Commission
Washington, D.C. 20423-0001

3/27/95

Office Of The Secretary

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

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/27/95 at 11:35AM, and assigned recordation number(s) 19313-19318-A, B and C.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)

(0100573065)

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

Signature

EQUIPMENT LEASE

19318
MAR 21 1995 11:25 AM
INTERSTATE COMMERCE COMMISSION

Dated as of March 15, 1995

Between

WILMINGTON TRUST COMPANY,
not in its individual capacity but solely as Trustee
under Kansas Rail Trust 1995

LESSOR

And

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

LESSEE

(Kansas Rail Trust 1995)

This Equipment Lease and certain of the sums due and to become due hereunder have been assigned to, and are subject to a security interest in favor of, State Farm Life Insurance Company, pursuant to a Loan and Security Agreement dated as of March 15, 1995, with Wilmington Trust Company, not individually but solely as Trustee under Kansas Rail Trust 1995, as debtor. The "original" counterpart of this Equipment Lease bears the signature thereon of State Farm Life Insurance Company.

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EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of March 15, 1995 between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as Trustee (the "Lessor") under the Trust Agreement dated as of March 15, 1995 (the "Trust Agreement") for the benefit of NORLEASE, INC., a Delaware corporation (the "Trustor"), and THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri (the "Lessee");

R E C I T A L S:

(a) Carland, Inc. a Delaware corporation (the "Seller"), a sister corporation of the Lessee is the owner of the Items of Equipment hereinafter described. The Seller now desires to enter into various bills of sale providing for the sale and transfer to the Lessor of title to the Items of Equipment. All such bills of sale are herein referred to as the "Bills of Sale". The Lessee now desires to lease the Equipment and for such purpose to enter into this Equipment Lease with the Lessor.

(b) The Lessee and the Lessor have entered into a Participation Agreement dated as of March 15, 1995, as from time to time supplemented or amended (the "Participation Agreement") with the Trustor, and State Farm Life Insurance Company (together with its successors and assigns, the "Lender") providing for the commitment of the Lender to purchase the Notes (as hereinafter defined) of the Lessor which, together with funds provided by the Trustor, will permit the Lessor to obtain the funds necessary to purchase from the Seller the equipment (collectively the "Equipment" or "Items of Equipment" and individually an "Item" or "Item of Equipment") described in each lease supplement, substantially in the form attached hereto as Schedule A (individually, a "Lease Supplement" and collectively, the "Lease Supplements"), between the Lessor and the Lessee delivered on each Closing Date. On each Closing Date the Trustor will commit to advance to the Lessor an amount equal to 24.42171% of the Purchase Price (as hereinafter defined) of the Items of Equipment to be settled for on such Closing Date, and the Lender will commit to purchase the 7.89% Secured Notes due May 31, 2007 (the "Notes") of the Lessor in an aggregate amount equal to 75.57829% of the Purchase Price of the Items of Equipment to be settled for on such Closing Date. The Participation Agreement provides that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Loan and Security Agreement dated as of March 15, 1995 (the "Loan Agreement") from the Lessor to the Lender, excluding and reserving the Excepted Rights in the Collateral. Any capitalized term not defined herein shall have the meaning specified in the Participation Agreement.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease. The Lessor shall lease to the Lessee and the Lessee shall lease from the Lessor all Items of Equipment, which are delivered and accepted pursuant to Section 1.3 hereof, for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. On each Closing Date, the Lessee shall accept each Item of Equipment described in the Lease Supplement delivered on such Closing Date by executing and delivering to the Lessor a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment to the Lessee hereunder that is delivered after May 31, 1995.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to an Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the manufacturer thereof, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTS AND PAYMENT DATES.

2.1. Rents for Equipment. The Lessee agrees to pay the following rent for each Item of Equipment:

(a) Interim Rent and Fixed Rent. For each Item of Equipment, the Lessee shall pay to the Lessor (i) one installment of interim rent (the "Interim Rent") payable in arrears on May 31, 1995 in an amount, if any, set forth opposite such date on Schedule III to the Lease Supplement describing such Item of Equipment, and (ii) 180 consecutive monthly installments of fixed rent (the "Fixed Rent") payable in advance as set forth in Schedule II to the Lease Supplement describing such Item of Equipment commencing on the Term Lease

Commencement Date (it being understood that each installment of Fixed Rent or portion thereof shall be for the monthly period commencing on the Rent Payment Date on which such installment is due); and

(b) Supplemental Rent. As supplemental rent hereunder (the "Supplemental Rent"), the Lessee shall pay to the Person entitled to receive the same, an amount or amounts equal to any and all amounts, liabilities and obligations (other than Interim Rent and Fixed Rent) which the Lessee assumes or agrees to pay to the Lessor or any other Person hereunder or under the Participation Agreement or any other Operative Agreement, including (i) all amounts of premium, if any, payable under the Loan Agreement on the Notes, (ii) interest on any part of any installment of Interim Rent or Fixed Rent or amounts expended by the Lessor on behalf of the Lessee not paid when due for any period for which the same shall be overdue pursuant to Section 20 hereof or any Casualty Value or Termination Value or any interest due thereon and (iii) all reasonable and customary fees and expenses of the Trustee and its successors (other than the initial fees and expenses payable by the Trustor pursuant to Section 2.6 of the Participation Agreement) incurred in connection with its services as Lessor under this Lease.

(c) Sufficiency of Rent. Notwithstanding anything to the contrary set forth herein, the Fixed Rent, the Casualty Values and the Termination Values set forth in Schedule II and Schedule III, respectively, to the Lease Supplement delivered on each Closing Date, together with the other amounts payable under Sections 11, 18 and 19 hereof will on each Closing Date and at all times thereafter be sufficient to satisfy the scheduled obligations of the Trustee under the Notes and the Loan Agreement, regardless of any limitation of liability set forth therein and the date on which any Fixed Rent, Casualty Value, Termination Value or amounts determined by reference to Redemption Premium is payable, and shall in any event be consistent with the Trustee's payment obligations under the Loan Agreement and the Notes. In no event shall the foregoing covenant or any other provision of this Lease be construed as a guaranty by the Lessee of the Notes.

(d) The Schedules of Fixed Rent, Casualty Values and Termination Values for the Items of Equipment to be delivered on the Second Closing Date are set forth in Schedules C, D and E hereto.

2.2. Rent Payment Dates. The interim term of this Lease shall commence on the date of delivery of the Items of Equipment hereunder and terminate on May 30, 1995 (the "Interim Term"). The basic term of this Lease shall begin on May 31, 1995 (the "Term Lease Commencement Date") and end on May 30, 2010 (the "Basic Lease

Term"). The installment of Interim Rent and the first installment of Fixed Rent for each Item of Equipment shall be due and payable on May 31, 1995 and thereafter said installments of Fixed Rent shall be payable on the last day of each month (each, a "Rent Payment Date") with the final such installment payable on May 30, 2010, all as set forth on Schedule II to the Lease Supplement describing such Item of Equipment. Each payment of Supplemental Rent shall be due and payable on the date on which the related fees and expenses are due and payable. If any Rent Payment Date is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days (excluding Saturdays, Sundays and holidays) on which banks in the States of Illinois, Missouri or Delaware are not authorized or required to close.

2.3. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installments of Interim Rent and Fixed Rent shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 21.1 hereof; provided that in the event either the Lessor or the Lender shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(b) The entire amount of any payment the amount of which is determined in accordance with Schedule III to the Lease Supplement relating to such Item of Equipment ("Casualty Value") pursuant to Section 11 hereof or any payment the amount of which is determined in accordance with Schedule III to the Lease Supplement relating to each Item of Equipment ("Termination Value") shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 21.1 hereof (identifying the same as a payment of Casualty Value or Termination Value, as the case may be, relating to Kansas Rail Trust 1995); provided that in the event either the Lessor or the Lender shall notify the Lessee in writing that the right to receive payment of such Casualty Value or Termination Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such wire transfer in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(c) The amount of any payment owing to the Lessor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 21.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(d) The amount of any interest due in respect of the late payment of any rent or other amounts pursuant to Section 20 hereof shall be paid to the party and in the manner herein provided to receive said rent or other amount; and

(e) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make all reasonable efforts to cause those payments due hereunder by wire transfer where specified above to be so wired as soon as practicable after the opening of business in Kansas City, Missouri on the due date of such payment of federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rent, Fixed Rent and Supplemental Rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided in Sections 11, 14, 18 and 19 hereof, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of all or any Item of Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, the insolvency of the Lessee, the commencement of any proceeding by or against the Lessee for relief under any bankruptcy or similar law for the relief of debtors, or for any other cause whether similar or dissimilar to

the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11, 14, 18 or 19 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor and the Lessee shall have paid to the Lessor all amounts due and owing hereunder and under the other Operative Agreements (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Except for manifest error, each rent or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever. Nothing herein shall be interpreted or construed as waiving the Lessee's right to bring suit and seek damages for breach of this Agreement or the other Operative Agreements to which the Lessee is a party.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall consist of the Interim Term and Basic Lease Term and shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14, 18 and 19 hereof, shall terminate 15 years following the Term Lease Commencement Date.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee or any Sublessee under any Permitted Sublease.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its identifying number as set forth in the Lease Supplement describing such Item of Equipment and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"OWNERSHIP SUBJECT TO A 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 the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will replace promptly any such names and word or words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identifying number of any Item of Equipment unless and until (a) a statement of new identifying numbers to be substituted therefor shall have been delivered to the Lessor and the Lender by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited and (b) the Lessee shall have furnished the Lender and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect, preserve and maintain the Lessor's title to, or the Lender's security interest in such Equipment and no filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect, preserve and maintain the interests of the Lender and the Lessor in such Equipment while operating in any jurisdiction wherein the Loan Agreement or any instrument in respect thereof has been or is required to be filed, registered, deposited or recorded as provided in the Loan Agreement. The Lessor agrees to execute at Lessee's cost and expense all amendments hereto necessary to accomplish such filings, recordings and deposits.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any sublessees under Permitted Subleases on railroad equipment used by any of them of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease or of any sublessee to use the Equipment under any Permitted Sublease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, WHERE-IS, WITH ALL FAULTS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE TRUSTOR, AND THE LESSOR AND THE TRUSTOR EACH EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S

TITLE THERETO, (C) THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (D) ANY OTHER MATTER WHATSOEVER WITH RESPECT TO THE EQUIPMENT, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE ARE TO BE BORNE BY THE LESSEE; PROVIDED, HOWEVER, THAT NOTHING IN THE FOREGOING SHALL LIMIT OR OTHERWISE RESTRICT THE REPRESENTATIONS AND WARRANTIES OF THE TRUSTOR AND THE LESSOR UNDER SECTIONS 3.1(d) AND 3.2(e) OF THE PARTICIPATION AGREEMENT. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturers thereof, provided, however, that if at any time an Event of Default shall have occurred and be continuing, at Lessor's option, such power of attorney shall terminate, and the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The foregoing notwithstanding, Lessor warrants that it has received such title to the Equipment as was conveyed to it by the Seller, and, that so long as no Event of Default, or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, neither Lessor nor any person claiming by or through Lessor shall interfere with Lessee's quiet use and enjoyment of the Equipment.

SECTION 6. LESSEE'S INDEMNITY.

(a) The Lessee shall defend, indemnify and save harmless the Lessor, in both its individual and trust capacities, the Trustor, the Trust Estate (as defined in the Trust Agreement) and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Lender) and their respective

affiliates, agents, servants, directors, officers, employees, successors and assigns, including successive holders of the Notes (collectively the "Indemnitees" and individually an "Indemnatee"), on an after-tax basis from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including penalties and Impositions imparted under ERISA or Section 4975 of the Code), and including reasonable legal fees and expenses but otherwise excluding internal costs and expenses such as salaries and overhead, of whatsoever kind and nature (herein collectively called "Liabilities"), imposed on, incurred by or asserted against any Indemnatee or any Item of Equipment in any way relating to or arising out of (i) this Lease, the Participation Agreement or any of the other Operative Agreements including, without limitation, the transactions contemplated thereby or the enforcement of any of the terms of any of the Operative Agreements; (ii) the manufacture, design, modification, acquisition, purchase, rejection, ownership, financing, refinancing, documenting, mortgaging, delivery, non-delivery, lease, sublease, possession, use, loading, unloading, operation, condition, foreclosure, sale, return or other disposition of any Item of Equipment or any part thereof (including, in each case and without limitation, latent or other defects, whether or not discoverable and any claim for patent, trademark or copyright infringement or similar right and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of injury to any Person, properties or the environment or strict liability or negligence in tort or violations of any regulatory law or requirement); (iii) the existence of any lien or right of others against such Item of Equipment, but excluding, for purpose of this clause (iii) only, Lessor Liens; (iv) any breach of or failure to perform or observe, or any other noncompliance with, any condition, covenant or agreement to be performed, or other obligations of the Lessee under any of the Operative Agreements, or the falsity or inaccuracy of any representation or warranty of the Lessee in any of the Operative Agreements (other than representations and warranties in the Tax Indemnity Agreement); or (v) the offer, issuance, sale or delivery of any Note or any refunding or refinancing thereof, or interest in the Trust Estate or the Trust Agreement or any similar interest or in any way relating to or arising out of the Trust Agreement and the Trust Estate, the Loan Agreement or the Collateral (including, without limitation, any claim arising out of the Securities Act, the Securities Exchange Act of 1934, as amended, or any other federal or state statute, law or regulation, or at common law or otherwise relating to securities). The indemnities contained herein shall survive the expiration or other termination of this Lease. In no event shall the indemnity provided in this Section 6 be construed as a guarantee by the Lessee of the Trustee's obligations under the Notes or of any residual value of the Equipment.

(b) The indemnity amounts payable under this Section 6

shall be payable on an "after-tax" basis, so that any such indemnity payment paid to any Indemnitee shall be an amount which, when reduced by all federal, state, local and foreign taxes imposed upon such Indemnitee as a result of the receipt or accrual of such payment shall equal the claim in respect of which such indemnity is payable.

(c) To the extent that the Lessee in fact pays an indemnified Liability on behalf of any Indemnitee under the indemnity provisions of this Section 6, the Lessee shall be subrogated to such Indemnitee's rights in respect of the matter as to which such indemnity was paid. The Lessee, at its sole cost and expense and in its own name, may contest in good faith any claim indemnified against under this Section 6 with, to the extent such claim involves claims other than in respect of Liabilities indemnified hereunder, counsel reasonably satisfactory to such Indemnitee. The Lessee shall not be entitled to contest any such claim or be consulted with respect to such proceedings if (i) an Event of Default shall have occurred and be continuing; (ii) such contest will, in the good faith opinion of any Indemnitee or affiliate thereof, involve any material danger of the sale, forfeiture or loss of, or the creation of any lien (other than a Permitted Encumbrance) or otherwise have a material adverse effect on such Indemnitee's interest in, any Item of Equipment, the Collateral or any part thereof; or (iii) such contest could, in the good faith opinion of any Indemnitee or any affiliate thereof, entail a risk to such Indemnitee or any affiliate thereof of material civil liability or any criminal liability.

The Lessee and its insurers shall have the right to reasonably investigate, defend or compromise any claim for which indemnification is sought and each Indemnitee hereby agrees to reasonably cooperate with the Lessee and its insurers with respect thereto. In the event the Lessee assumes the defense of any such contest, any Indemnitee shall have the right to employ separate counsel in such contest and participate therein, and the reasonable fees and expenses of such counsel shall be at the expense of such Indemnitee, except that such fees and expenses shall be for the account of the Lessee if (1) the Lessee agrees in writing to pay such fees and expenses; or (2) the Lessee fails promptly to assume the defense of such proceeding or fails to employ counsel reasonably satisfactory to such Indemnitee; or (3) if the Indemnitee shall have been advised by counsel in its reasonable judgment that there is reasonably likely to be a conflict between the positions of the Lessee or an affiliate thereof and such Indemnitee in conducting the defense of such action or proceeding or that there are reasonably likely to be legal defenses available to such Indemnitee different from or in addition to those available to the Lessee or such affiliate, in which case, if such Indemnitee notifies the Lessee in writing that it elects to employ separate counsel at the expense of the Lessee, such counsel shall be at the expense of and must be reasonably satisfactory to the Lessee, it

being understood, however, that, unless there exists a conflict among Indemnitees, the Lessee shall not, in connection with any one such proceeding or separate but substantially similar or related proceedings, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for such Indemnitees, or for fees and expenses that are not reasonable. Whether or not such defense is assumed by the Lessee, the Lessee or the Indemnitees will not be subject to any liability for any settlement made without its or their consent (which consent shall not be unreasonably withheld as to settlements made solely with respect to Liabilities). The Lessee shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Lessee agrees subject to the exception and limitations set forth above, to indemnify and hold harmless each Indemnitee from and against any loss or liability by reason of such settlement or judgment. The Indemnitee shall supply the Lessee with such information requested by the Lessee as in the reasonable opinion of counsel to such Indemnitee is necessary or advisable for the Lessee to control or participate in any proceeding to the extent permitted by this Section 6.

(d) If any claim is made against any Indemnitee, such Indemnitee shall, upon its receipt of written notice of such claim, give prompt written notice thereof to the Lessee. If the Lessee obtains knowledge of any claim against an Indemnitee, the Lessee shall, upon its receipt of written notice of such claim, give prompt written notice thereof to such Indemnitee. A failure so to notify by an Indemnitee will not discharge, diminish or relieve the Lessee from any of its indemnification obligations under this Section 6, except to the extent that the failure causes the Lessee to be unable to contest the claim, and any payment made by the Lessee to an Indemnitee shall not constitute a waiver or release of any right the Lessee may have against such Indemnitee arising out of any such failure.

(e) The indemnity in this Section 6 with regard to any particular Item of Equipment and any particular Indemnitee shall not extend to any Liability (i) to the extent such Liability is attributable to the willful misconduct or gross negligence of such Indemnitee, (ii) which is an Imposition pursuant to which such Indemnitee is indemnified pursuant to Section 10 hereof or in the Tax Indemnity Agreement or which is, as to such Indemnitee, an Imposition expressly excluded in Section 10 or in the Tax Indemnity Agreement, (iii) to the extent such Liability is attributable to (A) any sale, transfer or other disposition of any Note or of the interest of the Trustor in the Trust Estate, the Equipment or the Lease or of the interest of the Trustee in such Equipment, except for any such sale, transfer or other disposition after an Event of Default hereunder shall have occurred and be continuing or a

transfer required under this Lease or otherwise to the Lessee or (B) acts or events not attributable to the Lessee or any affiliate and which occur after the Equipment is no longer leased under the Lease and is returned to the Trustee in accordance with the provisions of Section 13 hereof or (iv) to the extent such liability is attributable to such Indemnitee's breach of any term or obligation of any Operative Document to which it is a party.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all applicable governmental laws, regulations, requirements and rules (including, without limitation, the rules and regulations of the United States Department of Transportation, the Interstate Commerce Commission, the Federal Railroad Administration and the current Field Manual of the Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (collectively, the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified (the "Alterations") on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such Alterations at its own expense and title thereto shall be immediately vested in the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with federal regulations and the Interchange Rules and in conformance with any requirements pertaining to warranties of the manufacturer or insurance policies maintained pursuant to Section 11.1 hereof. In no event shall the Lessee discriminate as to the use or maintenance of any Item of Equipment (including the periodicity of maintenance or recordkeeping in respect of such Item) as compared to equipment of a similar nature which the Lessee owns or leases. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment in any manner which will decrease the value, utility, condition, remaining useful life or marketability of such Item of Equipment. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without

cost or expense to the Lessor. Title to any additions or improvements other than those referred to in the preceding sentence which are readily removable without causing damage to such Item of Equipment or diminishing the value, utility, condition, remaining useful life or marketability that such Item of Equipment had prior to such addition or improvement shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee may (and agrees that it will, at the request of the Lessor) prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing damage to such Item of Equipment; provided that upon notice to the Lessee not less than 45 days prior to the expiration of the Lease, Lessor shall have the right to purchase such additions or improvements at the Fair Market Value thereof. In the event the Lessee shall cause to be made any alterations, additions or improvements to any Item of Equipment which, in the Lessee's reasonable judgment, might be deemed to have income tax consequences to the Lessor, the Lessee will promptly notify the Lessor of such alteration, addition or improvement.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than Lessor Liens or liens or charges which the Lender is obligated to discharge pursuant to Section 6.3(a) of the Loan Agreement, but so long as no Event of Default shall have occurred and be continuing, the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger in any material respect the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee shall give the Lessor and the Lender prompt written notice of any such contest. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord

whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Lender (including, without limitation, all such acts required pursuant to Sections 6.10 and 6.11 of the Loan Agreement), for the purpose of protecting, preserving and maintaining the Lessor's title to, or the Lender's security interest in, any Item of Equipment to the satisfaction of the Lessor or the Lender or for the purpose of carrying out the intentions of this Lease, and in connection with any such action, will deliver to the Lessor and the Lender proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Lender that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, registering, reregistering, recording and rerecording of any such instruments or incident to the taking of such action.

10.2. Payment of State and Local Taxes. The Lessee shall defend, indemnify and save harmless each Indemnitee from and against, and as between the Lessee and each Indemnitee the Lessee hereby assumes liability with respect to, all fees (including, without limitation, license fees and registration fees), taxes (including, without limitation, income, gross receipts, franchise, sales, use, value added, property and stamp taxes), assessments, levies, imposts, duties, charges or withholdings of any nature whatsoever, together with any and all penalties, additions to tax, fines or interest thereon imposed against any of the Indemnitees, any Item of Equipment or the Lessee, upon, arising from or relating to (i) any Item of Equipment, (ii) the construction, financing, purchase, delivery, ownership, acceptance, rejection, possession, improvement, use, operation, leasing, subleasing, condition, maintenance, repair, sale, return, replacement, storage, abandonment or other application or disposition of any Item, (iii) the rent payments, receipts or earnings arising from any Item of Equipment or payable pursuant to this Lease, or (iv) the Operative Agreements or the Notes or otherwise with respect to or in connection with the transactions contemplated thereby (herein called "Impositions"); provided that, except with respect to indemnification payments hereunder or payments pursuant to this Section 10.2, Impositions shall not include as to each respective Indemnitee: (i) United States Federal income tax liability; (ii) any net income taxes imposed by any foreign jurisdiction or political subdivision thereof in which any Item of Equipment was never physically present or to the extent such Imposition would not have been imposed if the Indemnitee had not engaged in activities in such jurisdiction which activities are unrelated to the transactions contemplated by the Operative Agreements; (iii) any Impositions imposed on or measured by the net income of the Indemnitee imposed by any state or local government or taxing authority or subdivision thereof, in which an Indemnitee is otherwise subject to net income tax without regard to the transactions contemplated by the Operative Agreements; (iv) any franchise or similar taxes of doing business imposed on the capital

or net worth of the Indemnitee (other than taxes in the nature of sales, use, property (whether tangible or intangible), ad valorem or similar taxes); (v) so long as no Event of Default shall have occurred and be continuing any Impositions to the extent they exceed the Impositions that would have been imposed had an Indemnitee not transferred, sold or disposed of its Interest or rights in any Item of Equipment; (vi) any amount that is imposed as a result of the sale, transfer or other disposition, by the Lessor or the Trustor of any of its rights with respect to any Item of Equipment unless such sale, transfer or other disposition is a reasonable consequence of an Event of Default, results from any substitution of any Item of Equipment under Section 11.4 hereof, or results from any sale, transfer or disposition required or provided for under this Lease; and (vii) any Imposition that is imposed as a result of the gross negligence or willful misconduct of the Indemnitee.

The Lessee agrees to pay, on demand, any and all Impositions, and to keep at all times all and every part of each Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Imposition so long as either the Indemnitee or the Lessee is contesting in good faith and by appropriate legal proceedings such Imposition and the nonpayment thereof does not, in the reasonable opinion of the Indemnitees, adversely affect the interest of any Indemnitee hereunder or under the Loan Agreement.

If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied (but the failure to so notify the Lessee shall relieve the Lessee of its obligation hereunder only to the extent such failure precludes the Lessee's right to contest such claim) hereunder.

If the Lessee shall request within 30 days after receipt of such notice, then such Indemnitee shall in good faith at the Lessee's expense contest such Imposition (including, without limitation, by pursuit of appeals (but not to the U.S. Supreme Court unless the amount of such Imposition exceeds \$250,000)); provided, however, that to the extent the conduct of such contest cannot adversely affect the taxes and returns of the Indemnitee which are unrelated to the transactions contemplated by the Operative Agreements or property of the Indemnitee other than the Equipment, such contest shall be undertaken by the Lessee at the Lessee's expense, but if such contest could so affect such taxes,

returns or property, then such Indemnitee may in its sole discretion select the forum for such contest and determine whether any such contest shall be by (i) paying such Imposition under protest or (ii) resisting payment of such Imposition or (iii) paying such Imposition and seeking a refund thereof; provided, further, however, that (iv) at such Indemnitee's option, such contest shall be conducted by the Lessee in the name of such Indemnitee. In no event shall such Indemnitee be required or the Lessee be permitted to contest any Imposition for which the Lessee is obligated to indemnify pursuant to this Section unless: (i) such Lessee shall have acknowledged in writing its liability to such Indemnitee for an indemnity payment pursuant to this Section as a result of such claim if and to the extent such Indemnitee or the Lessee, as the case may be, shall not prevail in the contest of such claim; (ii) such Indemnitee shall have received the opinion of independent tax counsel selected by the Lessee and reasonably satisfactory to the Indemnitee, furnished at Lessee's sole expense, to the effect that a reasonable basis exists for contesting such claim or, in the event of an appeal, that it is more likely than not that an appellate court or an administrative agency with appellate jurisdiction, as the case may be, will reverse or substantially modify the adverse determination; (iii) the Lessee shall have agreed to pay such Indemnitee on demand all reasonable costs and expenses that such Indemnitee may incur in connection with contesting such claim (including, without limitation, all costs, expenses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to the Imposition); (iv) no Event of Default shall have occurred and shall have been continuing; (v) such Indemnitee shall have determined that the action to be taken will not result in any substantial danger of sale, forfeiture or loss of, or the creation of any Lien (except if such Lessee shall have adequately bonded such Lien or otherwise made provision to protect the interests of such Indemnitee in a manner satisfactory to such Indemnitee) on, the Equipment or any portion thereof or any interest therein; (vi) the amount of such claims alone, or, if the subject matter thereof shall be of a continuing or recurring nature, when aggregated with identical potential claims shall be at least \$25,000; and (vii) if such contest shall be conducted in a manner requiring the payment of the claim, the Lessee shall have paid the amount required.

Notwithstanding anything contained in this Section to the contrary, no Indemnitee shall be required to contest any claim if the subject matter thereof shall be of a continuing or recurring nature and shall have previously been adversely decided against the Indemnitee pursuant to the contest provisions of this Section, unless there shall have been a change in the law (including, without limitation, amendments to statutes or regulations, administrative rulings or court decisions) enacted, promulgated or effective after such claim shall have been so previously decided, and such Indemnitee shall have received an opinion of independent tax counsel selected by the Indemnitee and reasonably satisfactory

to Lessee, furnished at the Lessee's sole expense, to the effect that such change is favorable to the position which such Indemnatee or the Lessee, as the case may be, had asserted in such previous contest.

With respect to any payment or indemnity hereunder, such payment or indemnity shall include an amount payable to the Indemnatee sufficient to hold such Indemnatee harmless on an after-tax basis from all taxes required to be paid by such Indemnatee with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in or of the United States, or under the laws of any taxing authority or governmental subdivision in or of a foreign country; provided that, if any Indemnatee realizes and recognizes a permanent tax benefit by reason of such payment or indemnity (whether such tax benefit shall be by means of a foreign tax credit, investment tax credit, depreciation or recovery deduction or otherwise), such Indemnatee shall pay to the Lessee an amount equal to the sum of such tax benefit plus any tax benefit realized as the result of any payment made pursuant to this proviso, when, as, if and to the extent realized; provided further that, (i) if at the time such payment shall be due to the Lessee an Event of Default or an event which, with the giving of notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing hereunder, such amount shall not be payable until such Event of Default or event shall have been cured, and (ii) the amount which such Indemnatee shall be required to pay to the Lessee shall not exceed the amounts which the Lessee has indemnified such Indemnatee hereunder on or prior to such payment.

For purposes of this Section 10.2 (and Section 6.1), in determining the order in which any Indemnatee utilizes withholding or other foreign taxes as a credit against such Indemnatee's United States income taxes such Indemnatee shall be deemed to utilize (i) first, all foreign taxes other than those described in clause (ii) below; provided, however, that such other foreign taxes which are carried back to the taxable year for which a determination is being made pursuant to such paragraph (i) shall be deemed utilized after the foreign taxes described in clause (ii) below, and (ii) then, on a pro rata basis, all foreign taxes (including fees, taxes and other charges hereunder) with respect to which such Indemnatee is entitled to obtain indemnification pursuant to an indemnification provision contained in any lease, loan agreement, financing document or participation agreement (including this Lease).

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnatee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnatee of such reporting requirements, prepare such reports in such manner as shall be

satisfactory to each Indemnitee and deliver the same to each Indemnitee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. (a) Policies. The Lessee will, upon delivery of the Equipment delivered to the Lessor on each Closing Date and at all times during the term of this Lease, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to the Equipment, and (ii) public liability insurance (including nongradual pollution liability coverage) with respect to bodily injury and property damage, in each case with such deductibles, in such amounts, against such risks and with such insurance companies of established good reputation as is carried by railroad corporations similar to the Lessee, but in any event with no greater deductibles and at least comparable in amounts and against risks insured against by the Lessee with respect to equipment it, or its affiliates, owns or leases that is similar in nature to the Equipment; provided that the Lessee may in any event self-insure in a manner and to the extent such self-insurance is consistent with the self-insurance practices of Class I Railroads and with the self-insurance practices of the Lessee with respect to equipment owned or leased by it or its affiliates that is similar in nature to the Equipment.

(b) Liability Policy Provisions. Except to the extent that the Lessee maintains self-insurance as provided in subsection (a) hereof, the policy or policies of public liability insurance carried in accordance with subsection (a) hereof shall to the extent such provisions are available at commercially reasonable rates (i) require at least 30 days' prior written notice to the Trustor, the Lessor, and the Lender of cancellation, lapse, expiration or adverse change to reduce the coverage thereof, (ii) (A) cover the Trustor, the Lessor, and the Lender as additional insureds or (B) provide that in the event that any additional insured is named in a certificate of insurance issued in connection with such policy, the policy will be deemed to have been endorsed accordingly, (iii) provide that such insurance is primary with respect to any other insurance carried by or available to the Trustor, the Lessor, and the Lender, (iv) provide that the insurer shall waive any right of subrogation and any setoff, counterclaim, or other deduction, whether by attachment or otherwise, against the

Trustor, the Lessor, and the Lender, (v) provide that such insurance as to the interests of the Trustor, the Lessor and the Lender shall not be invalidated by any action or inaction of the Lessee or any other Person, regardless of any breach or violation of any warranty, declaration or condition contained in such policies maintained by the Lessee or any other Person, (vi) provide that no additional insured shall have any obligation or liability for premiums in connection with such insurance and (vii) contain a cross-liability clause providing for coverage of the Trustor, the Lessor, and the Lender as if separate policies had been issued to each of them.

(c) Property Policy Provisions. Except to the extent that the Lessee maintains self-insurance as provided in subsection (a) hereof, the policy or policies of property insurance carried in accordance with subsection (a) hereof shall to the extent such provisions are available at commercially reasonable rates (i) require at least 30 days' prior written notice to the Trustor, the Lessor, and the Lender of cancellation, lapse, expiration or adverse change to reduce the coverage thereof, (ii) (A) cover the Trustor, the Lessor, and the Lender as a loss payee as their interests may appear (but without imposing on any such party liability to pay premiums with respect to such insurance) provided that the Lessor (or, if the Lessee shall not have been notified in writing that the assignment of this Lease from the Lessor to the Lender has been terminated, the Lender) shall be named as sole loss payee with respect to policies for physical damage insurance on the Equipment and as an additional insured or (B) provide that in the event that any additional insured or loss payee is named in a certificate of insurance issued in connection with such policy, the policy will be deemed to have been endorsed accordingly, (iii) provide that, in respect of the interest of the Trustor, the Lessor and the Lender in such policies, the insurance shall not be invalidated by any action or inaction by the Lessee or its affiliates (other than a failure of the Lessee to pay premiums or other sums owing to the insurer), (iv) insure the Trustor, the Trustee and the Lender regardless of any breach or violation of any warranty, declaration or condition contained in such policies (or in the application therefor or in any other document submitted to the insurer in connection therewith), (v) provide that such insurance is primary with respect to any other insurance carried by or available to the Trustor, the Trustee and the Lender, and (vi) provide that the insurer shall waive any right of subrogation and any setoff, counterclaim, or other deduction, whether by attachment or otherwise, against the Trustor, the Trustee and the Lender.

(d) Certificates. On or prior to the Closing Date, and thereafter on or prior to the 30th day preceding the expiration of any policy maintained pursuant to this Section 11.1 and not less than 10 days prior to any assignment described in Section 17 by Lessee hereof, the Lessee or any assignee, as the case may be, shall deliver to the Trustor, the Trustee and the Lender

certificates of insurance issued by the insurers under the policies required pursuant to this Section 11.1 or, if unavailable, other evidence of the insurance maintained pursuant to this Section 11.1 reasonably satisfactory to the Trustor, the Trustee and the Lender. After the Second Closing Date, upon request, the Lessee shall deliver to the Trustor, the Trustee and the Lender a report of an insurance broker describing in reasonable detail the insurance maintained pursuant to this Section 11.1 and stating that in such broker's opinion such insurance (together with self-insurance maintained pursuant to this Section 11.1) complies with this Section 11.1. Certificates issued after the Second Closing Date shall be in a form similar to those issued on or prior to the Second Closing Date.

(e) Performance by Lessor. In the event that Lessee shall fail to maintain insurance as herein provided, subject to Section 5.3(a) of the Loan Agreement, the Lessor and/or the Lender may at its option, but without obligation, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor and/or the Lender for the cost thereof, together with interest on such cost as provided in Section 20 hereof computed from the date of payment of such cost to the date of reimbursement. The Lessor and/or the Lender shall give the Lessee prompt written notice of any such insurance.

(f) Proceeds. The proceeds of any insurance required under this Section 11.1 on account of damage constituting a Casualty Occurrence received by the Lessee from an insurer or any other Person or as an Association of American Railroads settlement shall be paid over forthwith upon receipt to the Lessor (or, if the Lessee shall not have been notified in writing that the assignment of this Lease from the Lessor to the Lender has been terminated, to the Lender). If no Event of Default, or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, and if the Lessee shall have made payment to the Lessor or the Lender of the Casualty Value for any Item of Equipment, the Lessee shall be entitled to receive any insurance proceeds or Association of American Railroads settlement with respect to the related Casualty Occurrence; provided that if the foregoing requirements have not been satisfied, all such proceeds shall be paid over forthwith upon receipt to the Lessor (or, if the Lessee shall not have been notified in writing that the assignment of this Lease from the Lessor to the Lender has been terminated, to the Lender). All casualty insurance proceeds in respect of any occurrence involving the Equipment that does not constitute a Casualty Occurrence shall be paid to the Lessee, provided that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired; and provided further that if the amount of such proceeds in respect to any one occurrence exceeds \$250,000, the Lessee shall have given proof reasonable satisfactory to the Lessor and the Lender that any such damage has been fully repaired.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall fully (as soon as practical after it has knowledge of such Casualty Occurrence) inform the Trustor, the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Lender) in regard thereto and shall either (i) pay the Casualty Value (as defined in Section 11.7 hereof) of such Item in accordance with the terms of Section 11.3 hereof, or (ii) substitute replacement items of equipment in accordance with the terms of Section 11.4 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding Rent Payment Date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment and election to comply with Section 11.2(i) hereof, or within 30 days after such notice and election in respect of any Casualty Occurrence after the expiration of the term of this Lease while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, shall pay to the Lessor (or, if the Lessee shall not have been notified in writing that the assignment of this Lease from the Lessor to the Lender has been terminated, to the Lender) any rent or other sums with respect to such Item due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Substitution of Equipment. (a) The Lessee shall, within 60 days of its notice of a Casualty Occurrence with respect to any Item or Items of Equipment where the Lessee has elected to replace such Item or Items, convey or cause to be conveyed to Lessor, to be leased by Lessor to Lessee hereunder in replacement of the Item or Items which sustained such Casualty Occurrence, title to a replacement Item or Items, such replacement Item or Items to be of the same car type and age, and having the same value, utility, remaining useful life and condition as the Item or Items so replaced (assuming such replaced Item or Items were in the condition and repair required under the terms of this Lease); provided that Lessee shall not be entitled during the term of this Lease to replace Items of Equipment which, together with all other Items of Equipment theretofore replaced, would exceed 10% of the Items of Equipment originally delivered hereunder.

(b) Prior to or at the time of any conveyance of any replacement Item or Items, Lessee, at its own expense, will furnish

the Lessor and Lender with the following documents which shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect on the date of such conveyance:

(i) a Bill of Sale for such replacement Item or Items from the Lessee to the Lessor substantially in the form of Exhibit A to the Participation Agreement;

(ii) a Lease Supplement covering such replacement Item or Items duly executed by the Lessee and filed in all public offices wherein this Lease shall have been filed;

(iii) such evidence of compliance with the insurance provisions of Section 11.1 hereof with respect to such replacement Item or Items as such party may reasonably request;

(iv) an acknowledgement by the Lessee to the Lessor that the Lessee will indemnify the Lessor, in accordance with Section 10.2 hereof and the Tax Indemnity Agreement, for any adverse tax consequences resulting from such replacement; provided that no such replacement shall be permitted if the Lessor shall have notified the Lessee of an adverse tax consequence to the Trustor or Lessor for which it is not indemnified unless the Lessee shall have agreed to indemnify the Lessor and Trustor against such adverse tax consequence in a manner reasonably satisfactory to the Lessor and Trustor; and

(v) such other documents and evidence as the Lessor or the Lender, or their respective counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 11.4(b).

Upon full compliance by the Lessee with the terms of this Section 11.4(b), the Item or Items which suffered the Casualty Occurrence shall be disposed of in accordance with Section 11.6 hereof.

11.5. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.6. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or

warranty, express or implied, except as to the absence of Lessor Liens. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds from policies maintained by Lessee and damages received by the Lessee by reason of such Casualty Occurrence; provided, however that the amount of such damages received by the Lessee by reason of such Casualty Occurrence as the result of a requisition or other take over of the Equipment by any governmental authority under the power of eminent domain or otherwise which is in excess of the Casualty Value attributable thereto which the Lessee has previously paid to the Lessor pursuant to Section 11.3 hereof shall be allocated (and paid or retained as appropriate) between the Lessor and the Lessee in accordance with the value of the Lessor's interest in such Item of Equipment and the value of Lessee's interest in the Lease with respect to such Item of Equipment. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.7. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty occurrence) equal to that percentage of the Purchase Price of such Item of Equipment as set forth in Schedule III to the Lease Supplement describing such Item of Equipment.

11.8. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rent and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.9. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period not constituting a Casualty Occurrence, the Lessee's obligation to pay all installments of Fixed Rent and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both would constitute such an Event of Default, shall have

occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account from time to time during the term all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS; INSPECTION.

12.1. Duty of Lessee to Furnish. On or before May 1, 1996 and on each May 1 thereafter during the term of this Lease, the Lessee will furnish to the Trustor, the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Lender) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor or any assignee of the Lessor (including without limitation, the Lender) may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Lender) each shall have the right, at their respective sole cost, risk and expense, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease and the Lessee's records with respect to the subleases of the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, such inspection rights shall be subject to reasonable notice to the Lessee, any inspection of the Lessee's records shall be conducted in a reasonable manner and only during regular business hours of the Lessee and such inspection right may only be exercised by one representative of the Trustor and the Lender and at only one time during each calendar year.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

(a) Upon the expiration of the term of this Lease with respect to any Item of Equipment, including the optional renewal term pursuant to Section 18 hereof, the Lessee will, at its own cost and expense, deliver possession of such Item of Equipment to the Lessor at up to five return locations on the Lessee's lines

then in existence designated by the Lessee upon 60 days written notice to the Lessor (the "Designated Location"). Such notice shall specify the total number of Items of Equipment to be delivered to each such Designated Location; provided that the number of Items of Equipment specified for delivery to any one Designated Location shall be not less than 50. Lessee shall store such items of Equipment at the Designated Locations for a period not exceeding 60 days after the expiration of this Lease, including the optional renewal term pursuant to Section 18 hereof. The Lessee will on or prior to the end of such 60-day period transport each Item of Equipment one time from such Designated Location to any interchange on the Lessee's lines then in existence, all as directed by the Lessor upon not less than 30 days written notice to the Lessee. Storage of each such Item at a Designated Location is to be at the risk and expense of the Lessee for 60 days, and the Lessee agrees to maintain the insurance on such Item required by Section 11.1 hereof for such 60 days, after which time storage of each such Item is to be at the risk and expense of the Lessor. Any movement of an Item of Equipment from such Item's Designated Location to the interchange selected by the Lessor will be at the risk and expense of the Lessee. During any such storage period at a Designated Location the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

(b) Provided no Event of Default has occurred and is continuing, all amounts earned in respect of the Equipment after the date of expiration of this Lease and prior to the return of the Equipment hereunder shall belong to the Lessee and, if received by the Lessor, shall be promptly turned over to the Lessee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided, the Lessee shall pay to the Lessor for each day from and after the expiration date of the Lease to but excluding the day such Item of Equipment is returned in accordance with this Section 13 an amount equal to the average Fixed Rent for such Item of Equipment payable during the Basic Lease Term divided by 30; provided that, (i) during such holdover period, Lessee shall use its best efforts to secure the return of the Equipment as required under this Section 13 and (ii) in no event shall such holdover period exceed 60 days from the date of expiration of this Lease.

(c) Each Item returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect for

railroad equipment of the same type and age as the Equipment, and shall be eligible for interchange, under the Interchange Rules and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) have been maintained in accordance with provisions of Section 8 hereof and (iv) have attached or affixed thereto any special device considered an accession thereto as provided in Section 8 hereof and have removed therefrom any such device not so considered an accession which the Lessor has specifically requested to be removed pursuant to said Section 8 (in no event shall the Lessee discriminate as to the commodity carried by any Item of Equipment in contrast to equipment of a similar nature and similar service which the Lessee owns or leases).

(d) The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

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

(a) The Lessee shall fail to make payment of any part of Interim Rent, Fixed Rent, Casualty Value or Termination Value provided in Section 2 or 11 hereof and such failure shall continue for 10 business days;

(b) The Lessee shall fail to make payment of any amount due from the Lessee under the Operative Agreements (other than payments covered by subparagraph (a) above) and such failure shall continue for 30 days after written notice from the Lessor or the Lender;

(c) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment or any portion thereof, not permitted by this Lease;

(d) The Lessee shall fail to maintain the insurance required by Section 11.1 hereof and such failure shall continue until the date of expiration or cancellation of such insurance;

(e) The Lessee shall fail to perform or observe any of the other covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such failure shall continue for 30 days in the case of any

such failure under Section 14.5 hereof and for 30 days after the earlier of (i) actual knowledge of a responsible officer of the Lessee of such failure by the Lessee or (ii) written notice from the Lessor or the Lender to the Lessee, specifying such failure and demanding the same to be remedied, in the case of all other defaults;

(f) Any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Trustor or the Lender pursuant to or in connection with this Lease or the Participation Agreement is untrue in any material respect as of the date of issuance or making thereof;

(g) The Lessee becomes insolvent or fails generally to pay its debts as such debts become due, or causes an order for relief to be entered against it, or acquiesces in the entering of such an order against it, under applicable federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for the Lessee or for the major part of its property;

(h) A custodian, trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within 60 days after such appointment; or

(i) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against the Lessee and, if instituted against the Lessee, are consented to or are not dismissed within 60 days after such institution.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall have been assigned to an assignee pursuant to Section 16 hereof, such assignee (including, without limitation, the Lender), at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all rights of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or such other

premises as the Lessee or its Affiliates has the right to grant the Lessor to enter and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rent for any number of days less than a full rental period by multiplying the rent for such full rent period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rent period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rents for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 9.89% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the Rent Payment Date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the Rent Payment Date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rent, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the Lessee's default.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified below; provided that any sale in a commercially reasonable manner of any

Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rent in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be, (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment within 20 days after receipt by Lessee of written notice setting forth the method to be used to calculate damages pursuant to Section 14.2(b), such value shall be determined in accordance with the foregoing definition by a qualified, independent Appraiser. The term "Appraiser" shall mean any independent, nationally recognized appraiser chosen by the Lessor. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirement of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. However, regardless of the remedies exercised by the Lessor, the Lessor shall only be entitled to be made whole for its damages. To the extent not inconsistent with the express terms of this Lease, the Lessee shall be entitled to the rights and remedies of a lessee under the Uniform Commercial Code as enacted in the State of Missouri. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the

continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, the Trustor and the Lender, promptly upon any officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

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

(b) Permit the Lessor to store such Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport the Equipment to any place on any lines of railroad or to any connecting carrier for shipment, all as the Lessor may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, but not exceeding the rent, per diem, or other similar charge for equipment received therefor, shall be paid to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 15 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee, for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to the daily equivalent of the rent

in effect immediately prior to the expiration of the Lease for such Item of Equipment, or (ii) 125% of the Fair Rental Value (determined in the manner provided in Section 14.2 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (a) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other Person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay

such assignee all of the rents and other sums which are the subject matter of the assignment, (b) said assignee shall, if an Event of Default shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor including, without limitation, the right to proceed pursuant to Section 14.2 hereof (except those rights, privileges and remedies relating to amounts payable to the Lessor or the Trustor pursuant to Sections 6, 10.2, 11.1 with respect to public liability insurance and Section 21.2 hereof which shall remain enforceable by the Lessor and/or the Trustor, as the case may be, pursuant to Section 14.2(a) only), but if no Event of Default shall have occurred and be continuing, said assignee, the Lessor and the Trustor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and notwithstanding the occurrence of such an Event of Default, the Lessor, the Trustor and the Lender shall each receive all notices and reports to be provided by the Lessee hereunder or under the other Operative Agreements and (c) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment so long as no Event of Default shall have occurred hereunder.

The provisions of Section 3.5(d) and 3.5(e) of the Participation Agreement (which are restrictions on transfer of Interests) are hereby incorporated herein as though set forth in full and the Lessor hereby agrees to abide by such provision.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and the Lender, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor and the Lender, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by interchange with other common carriers and the provisions of Section 17.2 hereof.

17.2. Permitted Subleases. So long as no Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute such Event of Default, shall have occurred and be continuing, the Lessee may sublease any Item of Equipment (a) to any subsidiary or affiliate of the Lessee or (b) to any other solvent Class 1 Railroad (leases to such sublessees being herein referred to as "Permitted Subleases"), or (c) such other person or entity as the Lessor and the Lender shall reasonably consent to in writing. Such sublease (i) shall in no way relieve Lessee from any obligations under this Lease, and the Lessee hereby waives any rights it may now have or hereafter acquire to avoid any such obligation by reason of such sublease or any circumstances arising from such sublease, (ii) shall require the sublessee to comply with all the Lessee's obligations under this Lease, except those which are retained by the Lessee, (iii) shall prohibit the sublessee from further subleasing the Equipment subject thereto, (iv) shall not extend beyond the expiration of the Basic Lease Term or any extension thereof pursuant to a renewal option that has been exercised by the Lessee pursuant to the provisions of Section 18 hereof, (v) shall not result in adverse consequences to the Trustor, the Lessor or the Lender, and (vi) shall be subject and subordinate to this Lease and the Loan Agreement and the rights and interests of the Lessor and the Lender and their respective successors and assigns hereunder and thereunder and shall confirm such subordination by a provision therein satisfactory to the Lessor and the Lender. Any Permitted Sublease shall be, and without the necessity of any further act hereby is, assigned to the Lessor and shall be part of the Collateral and the Lessee shall promptly furnish a copy of any such Permitted Sublease to the Lessor, the Trustor and the Lender upon the execution thereof. Notwithstanding any sublease, the Lessee will remain primarily liable for the performance of its obligations under this Lease and the other Operative Agreements to which it is a party to the same extent as if such sublease were not in effect.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any solvent corporation organized under the laws of any state of the United States or the District of Columbia into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the property of the Lessee, provided that (a) (i) immediately prior and after giving effect to any such merger, consolidation or acquisition, no Event of Default, or event which with notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing, (ii) such assignee, successor or transferee shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Tax Indemnity Agreement pursuant to an agreement reasonably satisfactory to the Lessor, the Trustor and the Lender and (iii) the aggregate net worth of the Lessee and the

assignee or the transferee corporation immediately after such merger, consolidation or acquisition (determined in accordance with GAAP) is not less than the consolidated net worth of the Lessee immediately prior to such merger, consolidation or acquisition and (b) such merger, consolidation or acquisition shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

The Lessee will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder, except as otherwise provided in the preceding paragraph.

SECTION 18. PURCHASE OPTIONS; RENEWAL OPTIONS.

18.1. Election to Retain or Return Equipment. Not less than 270 days prior to the end of the Basic Lease Term, the Lessee will give the Lessor irrevocable notice of its intention to return or retain all but not less than all of the Items of Equipment subject to this Lease at the end of the Basic Lease Term. If the Lessee elects to retain such Items of Equipment, Lessee shall comply with Section 18.2 and/or 18.3 hereof, as it may elect in accordance with the provisions thereof including the notice requirements stated therein.

18.2. Purchase Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the right to purchase all, but not less than all, of the Items of Equipment then subject to this Lease at the expiration of the Basic Lease Term, at a price equal to the lesser of 32.65% of the Purchase Price of such Items of Equipment or the Fair Market Value of such Items of Equipment. The Lessee shall give the Lessor written notice not less than 180 days nor more than 360 days prior to the end of the Basic Lease Term of this Lease of its election to exercise the purchase option provided for in this Section, which notice shall be irrevocable. Payment of the option price, together with all other amounts due and owing under the Operative Agreements, shall be made at the place of payment specified in Section 2.3 hereof in immediately available funds against delivery of a bill of sale substantially in conformity with Exhibit B to the Participation Agreement transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against any Lessor Liens. The Lessor shall not be required to make any other representation or warranty as to the condition of the Equipment or any other matters, and may specifically disclaim any such representations or warranties.

18.3. Renewal Option. Provided that no Event of

Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have one renewal option as to all, but not less than all, of the Items of Equipment then subject to this Lease during which renewal period rent will be paid in advance on a fixed rent basis (the "Fixed Rent Renewal Option") determined as follows:

(a) based on the appraisal referred to below, the Lessee shall give the Lessor written notice not less than 180 days prior to the end of the Basic Lease Term of its election to exercise the Fixed Rent Renewal Option provided for in this Section 18.3, which notice shall be irrevocable. The renewal term ("Renewal Term") shall be determined as hereinafter provided and each monthly installment of fixed rent payable during the Renewal Term ("Renewal Rent") shall be an amount equal to 65% of the average of the monthly Fixed Rent installments payable under this Lease during the Basic Lease Term;

(b) promptly following the Lessee's written notice of an election to retain given pursuant to Section 18.1, the Lessee shall choose an independent qualified appraiser for the purpose of determining the remaining estimated useful life, the uninflated residual value and the Fair Market Value of the Equipment at the end of the Basic Lease Term and at the end of the maximum Renewal Term (as defined in Section 18.3(d) below) and shall notify the Lessor in writing of its selection. If for any reason the Lessor does not agree that such appraiser may act as the sole appraiser for purposes of this Section 18.3, it shall within ten days after such notice designate in writing to the Lessee a second independent qualified appraiser and such appraisers shall mutually agree upon a third qualified independent appraiser. If such appraisers cannot agree on such third appraiser within 20 days, then the American Arbitration Association shall promptly designate a third appraiser. Such party or parties so chosen to act as the appraiser for purposes of this Section 18 is hereinafter referred to as the "Appraiser" and the expenses and fees thereof shall be borne by the Lessee;

(c) promptly following the selection of the Appraiser, and in any event not less than ninety (90) days prior to the end of the Basic Lease Term the Appraiser shall determine the then remaining estimated useful life of the Equipment as of the end of the Basic Lease Term, the uninflated residual value thereof and the Fair Market Value thereof;

(d) the Renewal Term under the Fixed Rent Renewal Option shall be for a period of not less than one year and which, when added to the Interim Term and the Basic Lease Term does not result in an aggregate combined Lease term that exceeds

75% of the estimated useful life of any Item of Equipment or result, at the expiration of such proposed Renewal Term, in any Item of Equipment having an uninflated residual value less than 20% of the Purchase Price of the Equipment, all as determined by the Appraiser as of the end of the Basic Lease Term pursuant to clause (c) above.

(e) the Casualty Value payable during the Renewal Term in respect of any Item of Equipment suffering a Casualty Loss shall be equal to the Fair Market Value of such Item as of the beginning of such Renewal Term decreasing on a straight-line basis during the Renewal Term to the estimated Fair Market Value of such Item at the end of the Renewal Term; provided that in no event shall such Casualty Value be less than 20% of the Purchase Price of such Item; and

(f) the Renewal Term shall commence immediately upon the expiration of the Basic Lease Term.

18.4. Determination of Fair Market Value. For purposes of Section 18 hereof, Fair Market Value for any Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer (other than a buyer currently in possession) and an informed and willing seller under no compulsion to sell. Any such determination shall be made (i) on the assumption that the Equipment is in the condition and state of repair required by this Lease (including Section 13), (ii) giving effect to the removal of any parts which the Lessee is entitled to remove under the provisions of Section 8 hereof, and (iii) on the assumption that the Equipment is not subject to this Lease or any other lease or sublease. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of such Items of Equipment within 120 days of the end of the original Lease term, such value shall be determined in accordance with the foregoing definition by the Appraiser as determined pursuant to Section 18.3 hereof, or if within 120 days of a renewal term, by any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days, two independent qualified appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 15 days of appointment, an independent qualified appraiser to be chosen by the American Arbitration Association promptly thereafter. Such appraiser or appraisers shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of all such appraisers shall (i) be borne by the Lessee in connection with the exercise by the Lessee of its purchase option set forth in Section 18.2 hereof and (ii) be shared

equally by the Trustor and the Lessee in connection with the exercise by the Lessee of its Fixed Rent Renewal Option.

18.5. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the Basic Lease Term or the renewal term in accordance with Section 13 hereof.

SECTION 19. EARLY TERMINATION.

So long as no Event of Default or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may, upon 180 days' prior written notice to the Lessor, terminate this Lease with respect to all, but not less than all, of the Items of Equipment subject to this Lease on May 31, 2005. On such date, as a condition to such termination, the Lessee shall pay, in immediately available funds, to the Lessor (or, if the Lessee shall not have been notified in writing that the assignment of this Lease from the Lessor to the Lender has been terminated, to the Lender) all amounts due and owing under the Operative Agreements plus the then applicable Termination Value, and the Lessor shall deliver to the Lessee a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment on an "as-is", "where-is" basis, without representation or warranty, express or implied, except as to the absence of any Lessor Liens.

Upon payment to the Lessor (or, if the Lessee shall not have been notified in writing that the assignment of this Lease from the Lessor to the Lender has been terminated, to the Lender) by the Lessee of the amounts required by this Section 19, this Lease shall terminate, except as otherwise provided herein.

SECTION 20. INTEREST ON OVERDUE RENTS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 9.39% per annum (or the maximum rate of interest permitted by law, whichever is less) on the overdue rent and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice required or permitted to

be given by either party hereto to the other shall be in writing, delivered or mailed by prepaid registered or certified mail or overnight air courier, or by facsimile communication (with a copy sent on the same day by overnight air courier), addressed as follows:

If to the Lessor: Wilmington Trust Company, as
Trustee under Kansas Rail Trust 1995
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust
Administration
Telecopy: (302) 651-8882

(with copies to the Trustor)

If to the Trustor: At the address provided therefor in
Schedule 1 to the Participation
Agreement

If to the Lessee: The Kansas City Southern Railway
Company
114 West Eleventh Street
Kansas City, Missouri 64105-1804
Attention: Vice President - Finance
Telecopy: (813) 556-0227

If to the Lender: At the address provided
therefor in Schedule 2 to
the Participation Agreement.

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

21.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, subject to Section 5.3(a) of the Loan Agreement, either the Lessor, the Trustor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Lender) may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rates provided in Section 20.

21.3. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in

each case such counterparts shall constitute but one and the same instrument.

21.4. Law Governing. This Lease shall be construed in accordance with the laws of the State of Missouri 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.

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

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

21.7. Lessor Furnished Insurance. Without limiting any obligation of the Lessee to maintain insurance in effect pursuant to Section 11.1 hereof, the Lessor or the Trustor may, at its own election and expense, maintain for its own benefit such additional public liability and/or property damage insurance as it shall deem appropriate so long as such insurance shall not impair the enforcement of or collection upon any policies maintained pursuant to said Section 11.1.

21.8. Limitations of Liability. It is expressly understood and agreed that this Lease is executed by Wilmington Trust Company, not in its individual capacity or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company or the Trustor, or for the purpose or with the intention of binding Wilmington Trust Company or the Trustor in its individual capacity or personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by Wilmington Trust Company solely in the exercise of the powers expressly conferred upon Wilmington Trust Company as Trustee under the Trust Agreement, that actions to be taken by the Lessor pursuant to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on Wilmington Trust Company or the Trustor, in its individual capacity or personally, or any

incorporator or any past, present or future subscriber to the capital stock of, or stockholder, employee, officer or director of, Wilmington Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by any Person claiming by, through or under the Lessee, provided, however, that nothing contained in this Section 21.8 shall be construed to limit the liability of the Lessor in its individual capacity for any breach of any representations or warranties of the Lessor in its individual capacity set forth herein or to limit the liability of the Lessor for gross negligence or willful misconduct. Any obligation of the Lessor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

21.9. Owner for all Purposes. It is hereby agreed between the Lessee and the Trustee that the Trustee will be the owner of the Items of Equipment to be delivered under this Lease and the Lessee will be the lessee thereof for all purposes; provided, however, that the Trustor will be the owner of such Items of Equipment for income tax purposes.

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

LESSEE:

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

By: Anthony P. McCarthy
Name: Anthony P. McCarthy
Title: Treasurer

ATTEST:

By: Sherry K. Cooper
Name: Sherry K. Cooper
Title: Assistant Secretary

TRUSTEE:

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

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

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

LESSEE: THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

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

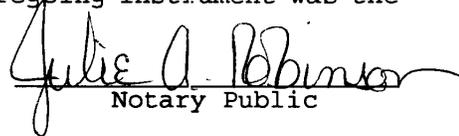
By:  _____
Name: W. Chris Spoonberg
Title: Financial Services Officer

ATTEST:

By:  _____
Name: Emmett H. Harmon
Title: Vice President

STATE OF Missouri)
) SS
COUNTY OF Jackson)

On this 21st of March, 1995, before me personally appeared Anthony P. McCarthy and Sherry K. Cooper, to me personally known, who being by me duly sworn, say that they are Treasurer and Assistant Secretary, respectively of THE KANSAS CITY SOUTHERN RAILWAY 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.


Notary Public

[NOTARIAL SEAL]

JULIE A. ROBINSON
Notary Public - State of Missouri
Commissioned in Jackson County
My Commission Expires May 18, 1998

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On this ___ day of _____, 1995, before me personally appeared _____, and _____, to me personally known, who being by me duly sworn, say that they are _____ and _____, 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.

Notary Public

[NOTARIAL SEAL]

My commission expires: _____

FORM OF EQUIPMENT LEASE SUPPLEMENT

SCHEDULE A

EQUIPMENT LEASE SUPPLEMENT NO. ____

EQUIPMENT LEASE SUPPLEMENT NO. ____, dated _____, 19__ (this "Supplement"), between THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri corporation (the "Lessee"), and WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Trustee ("Trustee"), under a Trust Agreement dated as of March 15, 1995, with the Trustor named therein.

W I T N E S S E T H:

WHEREAS, the Trustee and the Lessee heretofore have entered into that certain Equipment Lease dated as of March 15, 1995 (herein, together with any amendments and supplements heretofore made thereto, the "Lease"); and

WHEREAS, the Lease provides for the execution and delivery on each Closing Date (such term and other defined terms in the Lease being herein used with the same meanings) of a Supplement thereto substantially in the form hereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Trustee and the Lessee agree as follows:

1.01 Acceptance and Lease. The Lessee hereby acknowledges and confirms that on the date hereof the Items of Equipment described in Schedule I hereto have been unconditionally accepted by the Lessee from the Trustee and are now leased under the Lease and have been marked in accordance with Section 4 of the Lease. The Items of Equipment being accepted hereby are located in various jurisdictions, but none of the Items of Equipment being accepted hereby is being accepted in Chicago, Illinois.

1.02 Fixed Rent, Casualty Values and Termination Values. Attached as Schedule II and Schedule III hereto are the Fixed Rent and Casualty Values and Termination Values, respectively, for the Items of Equipment covered by this Supplement.

1.03 Term. The Interim Term with respect to the Items of Equipment shall begin on the date of delivery and acceptance hereunder and, subject to the terms of Sections 11 and 14 of the Lease, shall terminate at 11:59:59 p.m. on May 30, 1995. The Base Term with respect to the Units, subject to the provisions of Sections 7 and 10 of the Lease, shall be for 15 years commencing immediately upon the expiration of the Interim Term.

2. Miscellaneous. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Supplement may refer to the Lease without making specific reference hereto, but nevertheless all such references shall be deemed to include this Supplement unless the context thereof shall otherwise require.

This Supplement shall be construed in connection with and as a part of the Lease, and all terms, conditions and covenants contained therein, as herein modified, shall be and remain in full force and effect.

This Supplement may be executed in several counterparts, such counterparts together constituting but one and the same agreement. To the extent, if any, that this Lease Supplement constitutes chattel paper (as defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest may be created through the transfer of any counterpart other than the "original" counterpart which is deemed to be the counterpart containing the receipt therefor executed by State Farm Life Insurance Company on the signature page thereof.

* * * * *

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

LESSEE:

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

TRUSTEE:

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

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

RECEIPT

Receipt of this original counterpart of the foregoing Supplement is hereby acknowledged.

STATE FARM LIFE INSURANCE
COMPANY, as Lender

By: _____

Name: _____

Title: _____

Schedule I
(to Equipment Lease Supplement)
Description of Items of Equipment

Schedule II
(to Equipment Lease Supplement)

Fixed Rent

Schedule III
(to Equipment Lease Supplement)

Casualty Values; Termination Values

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: WILMINGTON TRUST COMPANY, as Trustee under
Kansas Rail Trust 1995 (the "Lessor")

I, a duly appointed and authorized representative of THE KANSAS CITY SOUTHERN RAILWAY COMPANY (the "Lessee") under the Equipment Lease dated as of March 15, 1995 between the Lessor and the Lessee, do hereby certify that I have received, approved and accepted delivery under the Lease of the following Items of Equipment listed on Schedule A attached hereto:

PLACE ACCEPTED: _____

DATE ACCEPTED: _____

I do further certify that the foregoing Items of Equipment are in good order and condition, and conform to the specifications applicable thereto, that there is no defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been (or will be pursuant to Section 4.2 of the Lease) labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

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

The execution of this Certificate will in no way relieve or decrease the responsibility of any manufacturer of the Equipment, for any warranties it has made with respect to the Equipment.

Dated: _____

Authorized Representative
of the Lessee

SCHEDULE B
(to Equipment Lease)

**SCHEDULE C
(to Equipment Lease)**

SCHEDULE OF CASUALTY VALUE FOR SECOND CLOSING

Values are net of any arrears rent due that day.
The lessee pays the loss value plus the "Rent Received".
The base for percentage amounts is \$1,323,130.82.

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
5/31/95	102.49999996	102.49999996	.00
6/30/95	102.39703131	102.39703131	.00
7/31/95	102.28074575	102.28074575	.00
8/31/95	102.16332955	102.16332955	.00
9/30/95	102.04478874	102.04478874	.00
10/31/95	101.91281842	101.91281842	.00
11/30/95	101.77970308	101.77970308	.00
12/31/95	101.64534751	101.64534751	.00
1/31/96	101.49749970	101.49749970	.00
2/29/96	101.34835042	101.34835042	.00
3/31/96	101.19796469	101.19796469	.00
4/30/96	101.04626616	101.04626616	.00
5/31/96	100.87647040	100.87647040	.00
6/30/96	100.70523714	100.70523714	.00
7/31/96	100.51583788	100.51583788	.00
8/31/96	100.32493839	100.32493839	.00
9/30/96	100.13252809	100.13252809	.00
10/31/96	99.92179836	99.92179836	.00
11/30/96	99.70945201	99.70945201	.00
12/31/96	99.49547619	99.49547619	.00
1/31/97	99.26306078	99.26306078	.00
2/28/97	99.02891008	99.02891008	.00
3/31/97	98.79301353	98.79301353	.00
4/30/97	98.55535600	98.55535600	.00
5/31/97	98.30513584	98.30513584	.00
6/30/97	98.05307536	98.05307536	.00
7/31/97	97.78837288	97.78837288	.00
8/31/97	97.52174921	97.52174921	.00
9/30/97	97.25319678	97.25319678	.00
10/31/97	96.97190335	96.97190335	.00
11/30/97	96.68859652	96.68859652	.00
12/31/97	96.40325814	96.40325814	.00
1/31/98	96.10509715	96.10509715	.00
2/28/98	95.80482223	95.80482223	.00
3/31/98	95.50242054	95.50242054	.00
4/30/98	95.19788074	95.19788074	.00
5/31/98	94.88479076	94.88479076	.00
6/30/98	94.56949918	94.56949918	.00

SCHEDULE C
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE FOR SECOND CLOSING

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
7/31/98	94.24558941	94.24558941	.00
8/31/98	93.91943194	93.91943194	.00
9/30/98	93.59098747	93.59098747	.00
10/31/98	93.25385301	93.25385301	.00
11/30/98	92.91437637	92.91437637	.00
12/31/98	92.57254169	92.57254169	.00
1/31/99	92.22193842	92.22193842	.00
2/28/99	91.86891286	91.86891286	.00
3/31/99	91.51344687	91.51344687	.00
4/30/99	91.15552761	91.15552761	.00
5/31/99	90.79198760	90.79198760	.00
6/30/99	90.42594670	90.42594670	.00
7/31/99	90.05423364	90.05423364	.00
8/31/99	89.67996982	89.67996982	.00
9/30/99	89.30312046	89.30312046	.00
10/31/99	88.92056267	88.92056267	.00
11/30/99	88.53536720	88.53536720	.00
12/31/99	88.14753404	88.14753404	.00
1/31/ 0	87.75389496	87.75389496	.00
2/29/ 0	87.35756529	87.35756529	.00
3/31/ 0	86.95852690	86.95852690	.00
4/30/ 0	86.55676088	86.55676088	.00
5/31/ 0	86.14945119	86.14945119	.00
6/30/ 0	85.73936400	85.73936400	.00
7/31/ 0	85.32367948	85.32367948	.00
8/31/ 0	84.90516758	84.90516758	.00
9/30/ 0	84.48380486	84.48380486	.00
10/31/ 0	84.05677906	84.05677906	.00
11/30/ 0	83.62685029	83.62685029	.00
12/31/ 0	83.19400118	83.19400118	.00
1/31/ 1	82.75541492	82.75541492	.00
2/28/ 1	82.31385238	82.31385238	.00
3/31/ 1	81.86927654	81.86927654	.00
4/30/ 1	81.42174256	81.42174256	.00
5/31/ 1	80.96870346	80.96870346	.00
6/30/ 1	80.51261250	80.51261250	.00
7/31/ 1	80.05101567	80.05101567	.00
8/31/ 1	79.58629971	79.58629971	.00
9/30/ 1	79.11844121	79.11844121	.00
10/31/ 1	78.64500201	78.64500201	.00
11/30/ 1	78.16836660	78.16836660	.00

SCHEDULE C
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE FOR SECOND CLOSING

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
12/31/ 1	77.68851534	77.68851534	.00
1/31/ 2	77.20300703	77.20300703	.00
2/28/ 2	76.71422694	76.71422694	.00
3/31/ 2	76.22215164	76.22215164	.00
4/30/ 2	75.72677885	75.72677885	.00
5/31/ 2	75.22967910	75.22967910	.00
6/30/ 2	74.72924710	74.72924710	.00
7/31/ 2	74.22708739	74.22708739	.00
8/31/ 2	73.72153874	73.72153874	.00
9/30/ 2	73.21257848	73.21257848	.00
10/31/ 2	72.70183080	72.70183080	.00
11/30/ 2	72.18763599	72.18763599	.00
12/31/ 2	71.66996836	71.66996836	.00
1/31/ 3	71.15045208	71.15045208	.00
2/28/ 3	70.62742821	70.62742821	.00
3/31/ 3	70.10086652	70.10086652	.00
4/30/ 3	69.57074811	69.57074811	.00
5/31/ 3	69.04279729	69.04279729	.00
6/30/ 3	68.51127087	68.51127087	.00
7/31/ 3	67.98189162	67.98189162	.00
8/31/ 3	67.44891408	67.44891408	.00
9/30/ 3	66.91231862	66.91231862	.00
10/31/ 3	66.37782498	66.37782498	.00
11/30/ 3	65.83969225	65.83969225	.00
12/31/ 3	65.29789322	65.29789322	.00
1/31/ 4	64.75815445	64.75815445	.00
2/29/ 4	64.21472897	64.21472897	.00
3/31/ 4	63.66759184	63.66759184	.00
4/30/ 4	63.11671887	63.11671887	.00
5/31/ 4	62.56831581	62.56831581	.00
6/30/ 4	62.01615574	62.01615574	.00
7/31/ 4	61.46646255	61.46646255	.00
8/31/ 4	60.91295719	60.91295719	.00
9/30/ 4	60.35566838	60.35566838	.00
10/31/ 4	59.80078296	59.80078296	.00
11/30/ 4	59.24207706	59.24207706	.00
12/31/ 4	58.67952195	58.67952195	.00
1/31/ 5	58.11932565	58.11932565	.00
2/28/ 5	57.55525746	57.55525746	.00
3/31/ 5	56.98729850	56.98729850	.00
4/30/ 5	56.41541477	56.41541477	.00

SCHEDULE C
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE FOR SECOND CLOSING

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
5/31/ 5	55.84633120	55.84633120	.00
6/30/ 5	55.27332437	55.27332437	.00
7/31/ 5	54.70306481	54.70306481	.00
8/31/ 5	54.12885780	54.12885780	.00
9/30/ 5	53.55066478	53.55066478	.00
10/31/ 5	52.97520392	52.97520392	.00
11/30/ 5	52.39573287	52.39573287	.00
12/31/ 5	51.81222670	51.81222670	.00
1/31/ 6	51.23143001	51.23143001	.00
2/28/ 6	50.64654756	50.64654756	.00
3/31/ 6	50.05757934	50.05757934	.00
4/30/ 6	49.46449664	49.46449664	.00
5/31/ 6	48.87458218	48.87458218	.00
6/30/ 6	48.28053283	48.28053283	.00
7/31/ 6	47.68962981	47.68962981	.00
8/31/ 6	47.09457225	47.09457225	.00
9/30/ 6	46.49533143	46.49533143	.00
10/31/ 6	45.89917496	45.89917496	.00
11/30/ 6	45.29882843	45.29882843	.00
12/31/ 6	44.69425177	44.69425177	.00
1/31/ 7	44.09270355	44.09270355	.00
2/28/ 7	43.48691235	43.48691235	.00
3/31/ 7	42.87683662	42.87683662	.00
4/30/ 7	42.26244462	42.26244462	.00
5/31/ 7	41.65153148	41.65153148	.00
6/30/ 7	41.03628317	41.03628317	.00
7/31/ 7	40.42310797	40.42310797	.00
8/31/ 7	39.80419185	39.80419185	.00
9/30/ 7	39.17950607	39.17950607	.00
10/31/ 7	38.55684429	38.55684429	.00
11/30/ 7	37.92839547	37.92839547	.00
12/31/ 7	37.29412637	37.29412637	.00
1/31/ 8	36.66182910	36.66182910	.00
2/29/ 8	36.02370475	36.02370475	.00
3/31/ 8	35.37971400	35.37971400	.00
4/30/ 8	34.72982740	34.72982740	.00
5/31/ 8	34.08190507	34.08190507	.00
6/30/ 8	33.42806874	33.42806874	.00
7/31/ 8	32.77617553	32.77617553	.00
8/31/ 8	32.11834866	32.11834866	.00
9/30/ 8	31.45456471	31.45456471	.00

SCHEDULE C
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE FOR SECOND CLOSING

Date of Termin.	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
10/31/ 8	30.79265964	30.79265964	.00
11/30/ 8	30.12477935	30.12477935	.00
12/31/ 8	29.45088302	29.45088302	.00
1/31/ 9	28.77882854	28.77882854	.00
2/28/ 9	28.10074290	28.10074290	.00
3/31/ 9	27.41658984	27.41658984	.00
4/30/ 9	26.72634517	26.72634517	.00
5/31/ 9	26.03785543	26.03785543	.00
6/30/ 9	25.34325140	25.34325140	.00
7/31/ 9	24.65038793	24.65038793	.00
8/31/ 9	23.95138600	23.95138600	.00
9/30/ 9	23.24621386	23.24621386	.00
10/31/ 9	22.54272862	22.54272862	.00
11/30/ 9	21.83305200	21.83305200	.00
12/31/ 9	21.11718401	21.11718401	.00
1/31/10	20.40287974	20.40287974	.00
2/28/10	19.68236671	19.68236671	.00
3/31/10	18.95557614	18.95557614	.00
4/30/10	18.22247629	18.22247629	.00
5/31/10	17.50000000	17.50000000	.00

**SCHEDULE D
(to Equipment Lease)**

SCHEDULE OF TERMINATION VALUE FOR SECOND CLOSING

Values are net of any arrears rent due that day.
The lessee pays the loss value plus the "Rent Received".
The base for percentage amounts is \$1,323,130.82.

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
5/31/95	102.49999996	102.49999996	.00
6/30/95	102.39703131	102.39703131	.00
7/31/95	102.28074575	102.28074575	.00
8/31/95	102.16332955	102.16332955	.00
9/30/95	102.04478874	102.04478874	.00
10/31/95	101.91281842	101.91281842	.00
11/30/95	101.77970308	101.77970308	.00
12/31/95	101.64534751	101.64534751	.00
1/31/96	101.49749970	101.49749970	.00
2/29/96	101.34835042	101.34835042	.00
3/31/96	101.19796469	101.19796469	.00
4/30/96	101.04626616	101.04626616	.00
5/31/96	100.87647040	100.87647040	.00
6/30/96	100.70523714	100.70523714	.00
7/31/96	100.51583788	100.51583788	.00
8/31/96	100.32493839	100.32493839	.00
9/30/96	100.13252809	100.13252809	.00
10/31/96	99.92179836	99.92179836	.00
11/30/96	99.70945201	99.70945201	.00
12/31/96	99.49547619	99.49547619	.00
1/31/97	99.26306078	99.26306078	.00
2/28/97	99.02891008	99.02891008	.00
3/31/97	98.79301353	98.79301353	.00
4/30/97	98.55535600	98.55535600	.00
5/31/97	98.30513584	98.30513584	.00
6/30/97	98.05307536	98.05307536	.00
7/31/97	97.78837288	97.78837288	.00
8/31/97	97.52174921	97.52174921	.00
9/30/97	97.25319678	97.25319678	.00
10/31/97	96.97190335	96.97190335	.00
11/30/97	96.68859652	96.68859652	.00
12/31/97	96.40325814	96.40325814	.00
1/31/98	96.10509715	96.10509715	.00
2/28/98	95.80482223	95.80482223	.00
3/31/98	95.50242054	95.50242054	.00
4/30/98	95.19788074	95.19788074	.00
5/31/98	94.88479076	94.88479076	.00
6/30/98	94.56949918	94.56949918	.00

SCHEDULE D
(to Equipment Lease)

SCHEDULE OF TERMINATION VALUE FOR SECOND CLOSING

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
7/31/98	94.24558941	94.24558941	.00
8/31/98	93.91943194	93.91943194	.00
9/30/98	93.59098747	93.59098747	.00
10/31/98	93.25385301	93.25385301	.00
11/30/98	92.91437637	92.91437637	.00
12/31/98	92.57254169	92.57254169	.00
1/31/99	92.22193842	92.22193842	.00
2/28/99	91.86891286	91.86891286	.00
3/31/99	91.51344687	91.51344687	.00
4/30/99	91.15552761	91.15552761	.00
5/31/99	90.79198760	90.79198760	.00
6/30/99	90.42594670	90.42594670	.00
7/31/99	90.05423364	90.05423364	.00
8/31/99	89.67996982	89.67996982	.00
9/30/99	89.30312046	89.30312046	.00
10/31/99	88.92056267	88.92056267	.00
11/30/99	88.53536720	88.53536720	.00
12/31/99	88.14753404	88.14753404	.00
1/31/ 0	87.75389496	87.75389496	.00
2/29/ 0	87.35756529	87.35756529	.00
3/31/ 0	86.95852690	86.95852690	.00
4/30/ 0	86.55676088	86.55676088	.00
5/31/ 0	86.14945119	86.14945119	.00
6/30/ 0	85.73936400	85.73936400	.00
7/31/ 0	85.32367948	85.32367948	.00
8/31/ 0	84.90516758	84.90516758	.00
9/30/ 0	84.48380486	84.48380486	.00
10/31/ 0	84.05677906	84.05677906	.00
11/30/ 0	83.62685029	83.62685029	.00
12/31/ 0	83.19400118	83.19400118	.00
1/31/ 1	82.75541492	82.75541492	.00
2/28/ 1	82.31385238	82.31385238	.00
3/31/ 1	81.86927654	81.86927654	.00
4/30/ 1	81.42174256	81.42174256	.00
5/31/ 1	80.96870346	80.96870346	.00
6/30/ 1	80.51261250	80.51261250	.00
7/31/ 1	80.05101567	80.05101567	.00
8/31/ 1	79.58629971	79.58629971	.00
9/30/ 1	79.11844121	79.11844121	.00
10/31/ 1	78.64500201	78.64500201	.00
11/30/ 1	78.16836660	78.16836660	.00

SCHEDULE D
(to Equipment Lease)

SCHEDULE OF TERMINATION VALUE FOR SECOND CLOSING

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
12/31/ 1	77.68851534	77.68851534	.00
1/31/ 2	77.20300703	77.20300703	.00
2/28/ 2	76.71422694	76.71422694	.00
3/31/ 2	76.22215164	76.22215164	.00
4/30/ 2	75.72677885	75.72677885	.00
5/31/ 2	75.22967910	75.22967910	.00
6/30/ 2	74.72924710	74.72924710	.00
7/31/ 2	74.22708739	74.22708739	.00
8/31/ 2	73.72153874	73.72153874	.00
9/30/ 2	73.21257848	73.21257848	.00
10/31/ 2	72.70183080	72.70183080	.00
11/30/ 2	72.18763599	72.18763599	.00
12/31/ 2	71.66996836	71.66996836	.00
1/31/ 3	71.15045208	71.15045208	.00
2/28/ 3	70.62742821	70.62742821	.00
3/31/ 3	70.10086652	70.10086652	.00
4/30/ 3	69.57074811	69.57074811	.00
5/31/ 3	69.04279729	69.04279729	.00
6/30/ 3	68.51127087	68.51127087	.00
7/31/ 3	67.98189162	67.98189162	.00
8/31/ 3	67.44891408	67.44891408	.00
9/30/ 3	66.91231862	66.91231862	.00
10/31/ 3	66.37782498	66.37782498	.00
11/30/ 3	65.83969225	65.83969225	.00
12/31/ 3	65.29789322	65.29789322	.00
1/31/ 4	64.75815445	64.75815445	.00
2/29/ 4	64.21472897	64.21472897	.00
3/31/ 4	63.66759184	63.66759184	.00
4/30/ 4	63.11671887	63.11671887	.00
5/31/ 4	62.56831581	62.56831581	.00
6/30/ 4	62.01615574	62.01615574	.00
7/31/ 4	61.46646255	61.46646255	.00
8/31/ 4	60.91295719	60.91295719	.00
9/30/ 4	60.35566838	60.35566838	.00
10/31/ 4	59.80078296	59.80078296	.00
11/30/ 4	59.24207706	59.24207706	.00
12/31/ 4	58.67952195	58.67952195	.00
1/31/ 5	58.11932565	58.11932565	.00
2/28/ 5	57.55525746	57.55525746	.00
3/31/ 5	56.98729850	56.98729850	.00
4/30/ 5	56.41541477	56.41541477	.00

SCHEDULE D
(to Equipment Lease)

SCHEDULE OF TERMINATION VALUE FOR SECOND CLOSING

Date of Termin.	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
5/31/ 5	55.84633120	55.84633120	.00
6/30/ 5	55.27332437	55.27332437	.00
7/31/ 5	54.70306481	54.70306481	.00
8/31/ 5	54.12885780	54.12885780	.00
9/30/ 5	53.55066478	53.55066478	.00
10/31/ 5	52.97520392	52.97520392	.00
11/30/ 5	52.39573287	52.39573287	.00
12/31/ 5	51.81222670	51.81222670	.00
1/31/ 6	51.23143001	51.23143001	.00
2/28/ 6	50.64654756	50.64654756	.00
3/31/ 6	50.05757934	50.05757934	.00
4/30/ 6	49.46449664	49.46449664	.00
5/31/ 6	48.87458218	48.87458218	.00
6/30/ 6	48.28053283	48.28053283	.00
7/31/ 6	47.68962981	47.68962981	.00
8/31/ 6	47.09457225	47.09457225	.00
9/30/ 6	46.49533143	46.49533143	.00
10/31/ 6	45.89917496	45.89917496	.00
11/30/ 6	45.29882843	45.29882843	.00
12/31/ 6	44.69425177	44.69425177	.00
1/31/ 7	44.09270355	44.09270355	.00
2/28/ 7	43.48691235	43.48691235	.00
3/31/ 7	42.87683662	42.87683662	.00
4/30/ 7	42.26244462	42.26244462	.00
5/31/ 7	41.65153148	41.65153148	.00
6/30/ 7	41.03628317	41.03628317	.00
7/31/ 7	40.42310797	40.42310797	.00
8/31/ 7	39.80419185	39.80419185	.00
9/30/ 7	39.17950607	39.17950607	.00
10/31/ 7	38.55684429	38.55684429	.00
11/30/ 7	37.92839547	37.92839547	.00
12/31/ 7	37.29412637	37.29412637	.00
1/31/ 8	36.66182910	36.66182910	.00
2/29/ 8	36.02370475	36.02370475	.00
3/31/ 8	35.37971400	35.37971400	.00
4/30/ 8	34.72982740	34.72982740	.00
5/31/ 8	34.08190507	34.08190507	.00
6/30/ 8	33.42806874	33.42806874	.00
7/31/ 8	32.77617553	32.77617553	.00
8/31/ 8	32.11834866	32.11834866	.00
9/30/ 8	31.45456471	31.45456471	.00

SCHEDULE D
(to Equipment Lease)

SCHEDULE OF TERMINATION VALUE FOR SECOND CLOSING

Date of Termination	Termination Value (%)	Stipulated Loss Value (%)	Rental Received
10/31/ 8	30.79265964	30.79265964	.00
11/30/ 8	30.12477935	30.12477935	.00
12/31/ 8	29.45088302	29.45088302	.00
1/31/ 9	28.77882854	28.77882854	.00
2/28/ 9	28.10074290	28.10074290	.00
3/31/ 9	27.41658984	27.41658984	.00
4/30/ 9	26.72634517	26.72634517	.00
5/31/ 9	26.03785543	26.03785543	.00
6/30/ 9	25.34325140	25.34325140	.00
7/31/ 9	24.65038793	24.65038793	.00
8/31/ 9	23.95138600	23.95138600	.00
9/30/ 9	23.24621386	23.24621386	.00
10/31/ 9	22.54272862	22.54272862	.00
11/30/ 9	21.83305200	21.83305200	.00
12/31/ 9	21.11718401	21.11718401	.00
1/31/10	20.40287974	20.40287974	.00
2/28/10	19.68236671	19.68236671	.00
3/31/10	18.95557614	18.95557614	.00
4/30/10	18.22247629	18.22247629	.00
5/31/10	17.50000000	17.50000000	.00

SCHEDULE E
(to Equipment Lease)

SCHEDULE OF FIXED RENT PAYMENTS FOR SECOND CLOSING

The base for percentage amounts is \$1,323,130.82.

Date	Number	Rent	Percentage Rent
5/31/1995	1	10796.75	.8160002
6/30/1995	2	10796.75	.8160002
7/31/1995	3	10796.75	.8160002
8/31/1995	4	10796.75	.8160002
9/30/1995	5	10796.75	.8160002
10/31/1995	6	10796.75	.8160002
11/30/1995	7	10796.75	.8160002
12/31/1995	8	10796.75	.8160002
1/31/1996	9	10796.75	.8160002
2/29/1996	10	10796.75	.8160002
3/31/1996	11	10796.75	.8160002
4/30/1996	12	10796.75	.8160002
5/31/1996	13	10796.75	.8160002
6/30/1996	14	10796.75	.8160002
7/31/1996	15	10796.75	.8160002
8/31/1996	16	10796.75	.8160002
9/30/1996	17	10796.75	.8160002
10/31/1996	18	10796.75	.8160002
11/30/1996	19	10796.75	.8160002
12/31/1996	20	10796.75	.8160002
1/31/1997	21	10796.75	.8160002
2/28/1997	22	10796.75	.8160002
3/31/1997	23	10796.75	.8160002
4/30/1997	24	10796.75	.8160002
5/31/1997	25	10796.75	.8160002
6/30/1997	26	10796.75	.8160002
7/31/1997	27	10796.75	.8160002
8/31/1997	28	10796.75	.8160002
9/30/1997	29	10796.75	.8160002
10/31/1997	30	10796.75	.8160002
11/30/1997	31	10796.75	.8160002
12/31/1997	32	10796.75	.8160002
1/31/1998	33	10796.75	.8160002
2/28/1998	34	10796.75	.8160002
3/31/1998	35	10796.75	.8160002
4/30/1998	36	10796.75	.8160002
5/31/1998	37	10796.75	.8160002

SCHEDULE E
(to Equipment Lease)

SCHEDULE OF FIXED RENT PAYMENTS FOR SECOND CLOSING

Date	Number	Rent	Percentage Rent
6/30/1998	38	10796.75	.8160002
7/31/1998	39	10796.75	.8160002
8/31/1998	40	10796.75	.8160002
9/30/1998	41	10796.75	.8160002
10/31/1998	42	10796.75	.8160002
11/30/1998	43	10796.75	.8160002
12/31/1998	44	10796.75	.8160002
1/31/1999	45	10796.75	.8160002
2/28/1999	46	10796.75	.8160002
3/31/1999	47	10796.75	.8160002
4/30/1999	48	10796.75	.8160002
5/31/1999	49	10796.75	.8160002
6/30/1999	50	10796.75	.8160002
7/31/1999	51	10796.75	.8160002
8/31/1999	52	10796.75	.8160002
9/30/1999	53	10796.75	.8160002
10/31/1999	54	10796.75	.8160002
11/30/1999	55	10796.75	.8160002
12/31/1999	56	10796.75	.8160002
1/31/2000	57	10796.75	.8160002
2/29/2000	58	10796.75	.8160002
3/31/2000	59	10796.75	.8160002
4/30/2000	60	10796.75	.8160002
5/31/2000	61	10796.75	.8160002
6/30/2000	62	10796.75	.8160002
7/31/2000	63	10796.75	.8160002
8/31/2000	64	10796.75	.8160002
9/30/2000	65	10796.75	.8160002
10/31/2000	66	10796.75	.8160002
11/30/2000	67	10796.75	.8160002
12/31/2000	68	10796.75	.8160002
1/31/2001	69	10796.75	.8160002
2/28/2001	70	10796.75	.8160002
3/31/2001	71	10796.75	.8160002
4/30/2001	72	10796.75	.8160002
5/31/2001	73	10796.75	.8160002
6/30/2001	74	10796.75	.8160002
7/31/2001	75	10796.75	.8160002
8/31/2001	76	10796.75	.8160002
9/30/2001	77	10796.75	.8160002
10/31/2001	78	10796.75	.8160002
11/30/2001	79	10796.75	.8160002
12/31/2001	80	10796.75	.8160002

SCHEDULE E
(to Equipment Lease)

SCHEDULE OF FIXED RENT PAYMENTS FOR SECOND CLOSING

Date	Number	Rent	Percentage Rent
1/31/2002	81	10796.75	.8160002
2/28/2002	82	10796.75	.8160002
3/31/2002	83	10796.75	.8160002
4/30/2002	84	10796.75	.8160002
5/31/2002	85	10796.75	.8160002
6/30/2002	86	10796.75	.8160002
7/31/2002	87	10796.75	.8160002
8/31/2002	88	10796.75	.8160002
9/30/2002	89	10796.75	.8160002
10/31/2002	90	10796.75	.8160002
11/30/2002	91	10796.75	.8160002
12/31/2002	92	10796.75	.8160002
1/31/2003	93	10796.75	.8160002
2/28/2003	94	10796.75	.8160002
3/31/2003	95	10796.75	.8160002
4/30/2003	96	10796.75	.8160002
5/31/2003	97	10796.75	.8160002
6/30/2003	98	10796.75	.8160002
7/31/2003	99	10796.75	.8160002
8/31/2003	100	10796.75	.8160002
9/30/2003	101	10796.75	.8160002
10/31/2003	102	10796.75	.8160002
11/30/2003	103	10796.75	.8160002
12/31/2003	104	10796.75	.8160002
1/31/2004	105	10796.75	.8160002
2/29/2004	106	10796.75	.8160002
3/31/2004	107	10796.75	.8160002
4/30/2004	108	10796.75	.8160002
5/31/2004	109	10796.75	.8160002
6/30/2004	110	10796.75	.8160002
7/31/2004	111	10796.75	.8160002
8/31/2004	112	10796.75	.8160002
9/30/2004	113	10796.75	.8160002
10/31/2004	114	10796.75	.8160002
11/30/2004	115	10796.75	.8160002
12/31/2004	116	10796.75	.8160002
1/31/2005	117	10796.75	.8160002
2/28/2005	118	10796.75	.8160002
3/31/2005	119	10796.75	.8160002
4/30/2005	120	10796.75	.8160002
5/31/2005	121	10796.75	.8160002
6/30/2005	122	10796.75	.8160002
7/31/2005	123	10796.75	.8160002

SCHEDULE E
(to Equipment Lease)

SCHEDULE OF FIXED RENT PAYMENTS FOR SECOND CLOSING

Date	Number	Rent	Percentage Rent
8/31/2005	124	10796.75	.8160002
9/30/2005	125	10796.75	.8160002
10/31/2005	126	10796.75	.8160002
11/30/2005	127	10796.75	.8160002
12/31/2005	128	10796.75	.8160002
1/31/2006	129	10796.75	.8160002
2/28/2006	130	10796.75	.8160002
3/31/2006	131	10796.75	.8160002
4/30/2006	132	10796.75	.8160002
5/31/2006	133	10796.75	.8160002
6/30/2006	134	10796.75	.8160002
7/31/2006	135	10796.75	.8160002
8/31/2006	136	10796.75	.8160002
9/30/2006	137	10796.75	.8160002
10/31/2006	138	10796.75	.8160002
11/30/2006	139	10796.75	.8160002
12/31/2006	140	10796.75	.8160002
1/31/2007	141	10796.75	.8160002
2/28/2007	142	10796.75	.8160002
3/31/2007	143	10796.75	.8160002
4/30/2007	144	10796.75	.8160002
5/31/2007	145	10796.75	.8160002
6/30/2007	146	10796.75	.8160002
7/31/2007	147	10796.75	.8160002
8/31/2007	148	10796.75	.8160002
9/30/2007	149	10796.75	.8160002
10/31/2007	150	10796.75	.8160002
11/30/2007	151	10796.75	.8160002
12/31/2007	152	10796.75	.8160002
1/31/2008	153	10796.75	.8160002
2/29/2008	154	10796.75	.8160002
3/31/2008	155	10796.75	.8160002
4/30/2008	156	10796.75	.8160002
5/31/2008	157	10796.75	.8160002
6/30/2008	158	10796.75	.8160002
7/31/2008	159	10796.75	.8160002
8/31/2008	160	10796.75	.8160002
9/30/2008	161	10796.75	.8160002
10/31/2008	162	10796.75	.8160002
11/30/2008	163	10796.75	.8160002
12/31/2008	164	10796.75	.8160002
1/31/2009	165	10796.75	.8160002
2/28/2009	166	10796.75	.8160002

SCHEDULE E
(to Equipment Lease)

SCHEDULE OF FIXED RENT PAYMENTS FOR SECOND CLOSING

Date	Number	Rent	Percentage Rent
3/31/2009	167	10796.75	.8160002
4/30/2009	168	10796.75	.8160002
5/31/2009	169	10796.75	.8160002
6/30/2009	170	10796.75	.8160002
7/31/2009	171	10796.75	.8160002
8/31/2009	172	10796.75	.8160002
9/30/2009	173	10796.75	.8160002
10/31/2009	174	10796.75	.8160002
11/30/2009	175	10796.75	.8160002
12/31/2009	176	10796.75	.8160002
1/31/2010	177	10796.75	.8160002
2/28/2010	178	10796.75	.8160002
3/31/2010	179	10796.75	.8160002
4/30/2010	180	10796.75	.8160002
		=====	=====
Total		1943415.00	146.8800341