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

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

20006-2973

(202) 393-2266

FAX (202) 393-2156 INTERSTATE COMMERCE COMMISSION

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SEP 30 1992 -4 05 PM

OF COUNSEL  
URBAN A. LESTER

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September 30, 1992

SEP 30 1992 -4 05 PM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

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SEP 30 1992 -4 05 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) executed original copies each of an Equipment Leasing Agreement dated as of September 30, 1992, a primary document (as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177) and two secondary documents relating thereto, namely a Purchase Agreement Assignment dated as of September 30, 1992, and a Collateral Assignment of Services Agreement dated September 30, 1992.

30

The names and addresses of the parties executing the same are:

1. Equipment Leasing Agreement

Lessor: *NATIONS BANK*  
Nations Bank Leasing Corporation  
2059 Northlake Parkway, 2 North  
Tucker, Georgia 30084

Lessee: TennRail Corporation  
111 East Capitol Street  
Jackson, Mississippi 39201

SEP 30 3 55 PM '92  
NOTICE OF RECORDATION UNIT

*Handwritten signatures and notes on the left margin.*

Mr. Sidney L. Strickland, Jr.  
September 30, 1992  
Page Two

2. Purchase Agreement Assignment

Assignee: ~~Nations Bank~~ *Nations Bank*  
Nations Bank Leasing Corporation  
2059 Northlake Parkway, 2 North  
Tucker, Georgia 30084

Assignor: TennRail Corporation  
111 East Capitol Street  
Jackson, Mississippi 39201

Vendor: Union Tank Car Company  
Chicago, Illinois

3. Collateral Assignment of Services Agreement

Assignor: TennRail Corporation  
111 East Capitol Street  
Jackson, Mississippi 39201

Assignee: ~~Nations Bank~~ *Nations Bank*  
Nations Bank Leasing Corporation  
2059 Northlake Parkway, 2 North  
Tucker, Georgia 30084

A description of the railroad equipment covered by the enclosed document is attached hereto.

Also enclosed is a check in the amount of \$48 payable to the order of the Interstate Commerce Commission covering the required recordation files.

Kindly return one stamped copy of the enclosed documents to Robert W. Alvord, Esq., Alvord and Alvord, 918 16th Street, N.W., Washington, D.C. 20006.

Very truly yours,



Robert W. Alvord

RWA/bg  
Enclosures

SCHEDULE A-1 to Exhibit A-1 to Equipment Leasing Agreement between  
TennRail Corporation, as lessor, and NationsBanc Leasing Corporation,  
as Lessee, dated as of September 30, 1992

Description of Pre-Conversion Equipment by Identification Number

<u>CAR</u>	<u>CAR</u>	<u>CAR</u>	<u>CAR</u>	<u>CAR</u>
WCTR102203	WCTR102286	WCTR102365	WCTR102450	WCTR102773
WCTR102205	WCTR102287	WCTR102366	WCTR102451	WCTR102774
WCTR102206	WCTR102288	WCTR102368	WCTR102452	WCTR102775
WCTR102207	WCTR102290	WCTR102369	WCTR102453	WCTR102776
WCTR102208	WCTR102294	WCTR102370	WCTR102456	WCTR102777
WCTR102210	WCTR102296	WCTR102371	WCTR102459	WCTR102778
WCTR102211	WCTR102297	WCTR102372	WCTR102460	WCTR102779
WCTR102213	WCTR102299	WCTR102374	WCTR102464	WCTR102780
WCTR102214	WCTR102300	WCTR102375	WCTR102467	WCTR102781
WCTR102215	WCTR102302	WCTR102376	WCTR102468	WCTR102782
WCTR102217	WCTR102303	WCTR102378	WCTR102469	WCTR102783
WCTR102218	WCTR102304	WCTR102380	WCTR102470	WCTR102784
WCTR102219	WCTR102305	WCTR102382	WCTR102473	WCTR102785
WCTR102220	WCTR102306	WCTR102385	WCTR102474	WCTR102786
WCTR102222	WCTR102307	WCTR102387	WCTR102475	WCTR102787
WCTR102225	WCTR102308	WCTR102388	WCTR102476	WCTR102788
WCTR102228	WCTR102310	WCTR102389	WCTR102478	WCTR102789
WCTR102229	WCTR102312	WCTR102390	WCTR102479	WCTR102790
WCTR102230	WCTR102315	WCTR102391	WCTR102482	WCTR102792
WCTR102231	WCTR102316	WCTR102394	WCTR102485	WCTR102793
WCTR102233	WCTR102317	WCTR102396	WCTR102486	WCTR102794
WCTR102236	WCTR102318	WCTR102397	WCTR102487	WCTR102795
WCTR102239	WCTR102320	WCTR102399	WCTR102489	WCTR102796
WCTR102240	WCTR102321	WCTR102400	WCTR102490	WCTR102797
WCTR102241	WCTR102322	WCTR102403	WCTR102491	WCTR102798
WCTR102242	WCTR102323	WCTR102405	WCTR102492	WCTR102799
WCTR102243	WCTR102324	WCTR102408	WCTR102493	
WCTR102245	WCTR102325	WCTR102409	WCTR102494	
WCTR102247	WCTR102326	WCTR102410	WCTR102496	
WCTR102253	WCTR102328	WCTR102412	WCTR102498	
WCTR102254	WCTR102329	WCTR102413	WCTR102499	
WCTR102257	WCTR102330	WCTR102414	WCTR102512	
WCTR102258	WCTR102333	WCTR102415	WCTR102515	
WCTR102260	WCTR102334	WCTR102417	WCTR102517	
WCTR102263	WCTR102337	WCTR102418	WCTR102531	
WCTR102264	WCTR102338	WCTR102419	WCTR102547	
WCTR102265	WCTR102339	WCTR102422	WCTR102561	
WCTR102266	WCTR102341	WCTR102424	WCTR102567	
WCTR102267	WCTR102342	WCTR102425	WCTR102570	
WCTR102268	WCTR102345	WCTR102426	WCTR102572	
WCTR102269	WCTR102346	WCTR102429	WCTR102581	
WCTR102270	WCTR102347	WCTR102430	WCTR102591	
WCTR102272	WCTR102348	WCTR102431	WCTR102642	
WCTR102273	WCTR102349	WCTR102432	WCTR102644	
WCTR102274	WCTR102350	WCTR102433	WCTR102765	
WCTR102277	WCTR102352	WCTR102434	WCTR102766	
WCTR102278	WCTR102355	WCTR102438	WCTR102767	
WCTR102280	WCTR102357	WCTR102439	WCTR102768	
WCTR102282	WCTR102359	WCTR102440	WCTR102769	
WCTR102283	WCTR102360	WCTR102445	WCTR102770	
WCTR102284	WCTR102361	WCTR102446	WCTR102771	
WCTR102285	WCTR102364	WCTR102447	WCTR102772	

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EQUIPMENT LEASING AGREEMENT

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASING AGREEMENT dated as of September 30, 1992 (herein, as amended and supplemented from time to time, called "this Lease"), between NationsBanc Leasing Corporation, a North Carolina corporation (herein called "Lessor"), having its principal place of business at 2059 Northlake Parkway, 2 North, Tucker, Georgia 30084, and TennRail Corporation, a Delaware corporation (herein called "Lessee"), having its principal place of business at 111 East Capitol Street, Jackson, Mississippi 39201.

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

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

"Acceptance Date" for each Item of Equipment means the date on which Lessee has unconditionally accepted such Item for lease hereunder, as evidenced by Lessee's execution and delivery of a Lease Supplement for such Item dated such date.

"Acquisition Cost" of each Item of Equipment means an amount equal to the sum of (i) the total cost paid by Lessor for such Item, plus (ii) all sales and excise taxes paid by Lessor on or with respect to the acquisition of such Item, plus (iii) all costs and expenses approved and paid by Lessor in connection with the delivery and installation of such Item.

"Acquisition Period" means the period specified as such on each consecutively numbered Exhibit A now or hereafter attached hereto and made a part hereof.

"Affiliate" means MidSouth Rail Corporation, MidLouisiana Rail Corporation or SouthRail Corporation.

"Assignee" shall have the meaning given to such term in Section 14(c) hereof.

"Basic Rent" means the rent payable for each Item of Equipment during (i) the Basic Term thereof pursuant to Section 7(b) hereof, and (ii) each Renewal Term thereof pursuant to Section 29(a) hereof.

"Basic Term" for each Item of Equipment means the period consisting of the number of months set forth for the type

of Equipment to which such Item relates on the Related Exhibit A for such Item.

"Basic Term Commencement Date" for each Item of Equipment means the date specified as such on the Related Exhibit A for such Item.

"Business Day" means any day other than a day on which banking institutions in the Commonwealth of Massachusetts are authorized by law to close;

"Casualty Loss Value" of each Item of Equipment shall have the meaning given to such term in Section 16(b) hereof.

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

"Door Modification" shall have the meaning given to such term in Section 12 hereof.

"Equipment" means the equipment of the type(s) described on each consecutively numbered Exhibit A now or hereafter attached hereto and made a part hereof and leased or to be leased by Lessor to Lessee hereunder or ordered by Lessor for lease to Lessee hereunder, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed therein which are the property of Lessor pursuant to the terms of this Lease; provided, however, that a Door Modification shall not constitute Equipment hereunder until a Lease Supplement covering such Door Modification has been executed by Lessor and Lessee.

"Event of Default" means any of the events referred to in Section 23 hereof.

"Event of Loss" with respect to any Item of Equipment means (i) the loss of such Item of Equipment or any substantial part thereof, or (ii) the loss of the use of such Item of Equipment due to theft or disappearance for a period in excess of 45 days during the Term, or existing at the expiration or earlier termination of the Term, or (iii) the destruction, damage beyond repair, or rendition of such Item of Equipment or any substantial part thereof permanently unfit for normal use for any reason whatsoever, or (iv) the condemnation, confiscation, seizure, or requisition of use or title to such Item of Equipment or any substantial part thereof by any governmental authority under the power of eminent domain or otherwise or (v) as a result of any rule, regulation, order or other action by the United States Government or any agency or instrumentality thereof, the use of such Item of Equipment in the normal course of transportation shall have been prohibited for a continuous period of six months.

"Guarantor" means any guarantor of Lessee's obligations hereunder.

"Guaranty" means any guaranty of Lessee's obligations hereunder executed by Guarantor.

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

"Interim Term" for each Item of Equipment means the period commencing on the Acceptance Date for such Item (unless the Acceptance Date is the Basic Term Commencement Date, in which case there shall be no Interim Term for such Item) and ending on the date immediately prior to the Basic Term Commencement Date.

"Item of Equipment" or "Item" means a single unitary item of the Equipment.

"KCSI Merger" means the merger of K&M Newco, Inc. ("Newco"), a wholly-owned subsidiary of Kansas City Southern Industries, Inc. ("KCSI"), into the Guarantor as contemplated by the Agreement and Plan of Merger among the Guarantor, KCSI and Newco dated as of September 19, 1992.

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

"Lenders' Agent" means The First National Bank of Boston, or such other agent specified by Lessee in writing to Lessor.

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

"Management Services Agreement" means that certain agreement dated as of September 30, 1992 entered into by the Lessee and WCTU Railway Company ("WCTU") to manage the Equipment described herein.

"Markings" shall mean those symbols commonly referred to as "car markings" necessary for the American Association of Railroads' billing purposes.

"Maximum Acquisition Cost" means the amount specified as such on each consecutively numbered Exhibit A now or hereafter attached hereto and made a part hereof.

"Parent" means MidSouth Corporation, the parent corporation of Lessee, and any successor to such corporation.

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

government or governmental authority, agency or political subdivision thereof.

"Pre-Conversion Equipment" means Equipment that has not undergone a Door Modification with respect to which a Lease Supplement has been executed by Lessor and Lessee and "Item of Pre-Conversion Equipment" or "Pre-Conversion Item" means a single unitary item of Pre-Conversion Equipment.

"Post-Conversion Equipment" means Equipment that has undergone a Door Modification with respect to which a Lease Supplement has been executed by Lessor and Lessee and "Item of Post-Conversion Equipment" or "Post-Conversion Item" means a single unitary item of Post-Conversion Equipment.

"Related Exhibit A" means, with respect to an Item of Equipment, the particular numbered Exhibit A now or hereafter attached hereto and made a part hereof to which such Item relates as specified in Section 4 hereof.

"Renewal Term" for each Item of Equipment means each period following the end of the Basic Term for such Item with respect to which Lessee has the option to renew this Lease pursuant to Section 29(a) hereof.

"Rent" means Interim Rent and Basic Rent.

"Rent Payment Date" for each Item of Equipment means (i) for the Basic Term thereof, each date on which a payment of Basic Rent is due and payable for such Item pursuant to Section 7(b) hereof, (ii) for the Interim Term thereof (if any), the Basic Term Commencement Date for such Item, and (iii) for each Renewal Term thereof, each date on which a payment of Basic Rent is due and payable for such Item as provided in Section 29(a) hereof.

"Rental Period" for each Item of Equipment means (i) for the Interim Term of such Item, the period from and inclusive of the Acceptance Date for such Item to, but not inclusive of, the Basic Term Commencement Date for such Item, (ii) for the Basic Term of such Item, each period for which a payment of Basic Rent is to be made for such Item during the Basic Term thereof as set forth on the Related Exhibit A for such Item (opposite the reference to Rental Periods for Basic Term), and (iii) for each Renewal Term of such Item, each period for which a payment of Basic Rent is to be made for such Item during such Renewal Term as set forth on the Related Exhibit A for such Item (opposite the reference to Rental Periods for Renewal Term).

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including payments of Casualty Loss Value and indemnities, but excluding Basic Rent and Interim Rent.

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

The words "this Lease", "herein", "hereunder", "hereof" or other like words mean and include this Equipment Leasing Agreement, each Related Exhibit A, each Lease Supplement, and each amendment and supplement hereto and thereto.

2. Agreement for Lease of Equipment. Subject to, and upon all of the terms and conditions of this Lease, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor each Item of Equipment for the Term with respect to such Item. Provided that no Event of Default has occurred and is continuing hereunder, Lessor agrees that it shall not interfere with Lessee's quiet enjoyment and use of any Item of Equipment leased hereunder during the Term thereof.

3. Conditions Precedent. Lessor shall have no obligation to purchase any Item of Equipment and to lease the same to Lessee unless each of the following conditions are fulfilled to the satisfaction of Lessor: (i) no event which is (or with notice or lapse of time or both would become) an Event of Default has occurred and is continuing; (ii) no material adverse change in the financial condition of Lessee (or of any Guarantor) which, in Lessor's reasonable opinion, would impair the ability of Lessee to pay and perform its obligations under this Lease (or of any Guarantor to pay and perform such obligations) has occurred since the date specified as the Financial Condition Reference Date on the Related Exhibit A for such Item; (iii) such Item of Equipment is acceptable to Lessor, and is free of all Liens, other than any Lien specifically excepted in Section 15 hereof; (iv) the Acceptance Date for such Item of Equipment is a date within the Acquisition Period specified on the Related Exhibit A for such Item and Lessee has executed and delivered to Lessor the Related Exhibit A for such Item; (v) the Acquisition Cost of such Item of Equipment, when added to the total Acquisition Cost of all Equipment of the type to which such Item relates and which has been leased hereunder or ordered by Lessor for lease hereunder, will not be such an amount so as to cause the Maximum Acquisition Cost specified on the Related Exhibit A for such Item to be exceeded; (vi) Lessor has received an invoice for such Item of Equipment from the seller thereof, approved for payment by Lessee, showing Lessor as the purchaser of such Item, or, if Lessee is the seller of such Item, a bill of sale for such Item from Lessee to Lessor in form and substance satisfactory to Lessor, together with evidence, satisfactory to Lessor, of Lessee's payment to the original seller of such Item, (vii) a Lease Supplement for such Item, duly executed by Lessee, and dated the Acceptance Date for such Item; (viii) Lessor shall have received such other documents, appraisals, opinions, certificates and waivers, in form and substance satisfactory to Lessor, as Lessor may reasonably require; (ix) this Lease, each Lease Supplement, and any amendments or supplements thereof shall have been duly filed with the Interstate Commerce Commission pursuant

to 49 U.S.C. Section 11303; and (x) Lessor shall have received a written opinion of Interstate Commerce Commission counsel satisfactory to Lessor, in form and substance satisfactory to Lessor.

4. Delivery, Acceptance and Leasing of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining any Item of Equipment or making delivery thereof. The Lessee hereby agrees to accept all Items of Pre-Conversion Equipment as designated in Schedule A-1 attached hereto and to execute and deliver a Lease Supplement for each Item on the date of closing of this Lease and such date of closing shall be the Acceptance Date for each Item of Equipment so designated. Promptly upon the presentation to Lessor of invoices in the aggregate amount of at least \$250,000 for Door Modifications, Lessor and Lessee shall enter into a Lease Supplement or Lease Supplements for all of the Door Modifications covered by such invoices. The date of each such Lease Supplement shall constitute the Acceptance Date for such Door Modifications. The execution by Lessor and Lessee of a Lease Supplement for an Item of Equipment shall (a) evidence that such Item is leased under, and is subject to all of the terms, provisions and conditions of, this Lease, and (b) constitute Lessee's unconditional and irrevocable acceptance of such Item for all purposes of this Lease. An Item of Equipment shall be conclusively deemed to relate to the particular numbered Exhibit A now or hereafter attached hereto and made a part hereof on which is set forth (i) a description of such Item or the type of Equipment to which such Item relates and (ii) the Acquisition Period within which the Acceptance Date for such Item has occurred.

5. Term. The Interim Term (if any) for each Item of Equipment shall commence on the Acceptance Date thereof, and, unless sooner terminated pursuant to the provisions hereof, shall end on the date immediately prior to the Basic Term Commencement Date thereof. The Basic Term for each Item of Equipment shall commence on the Basic Term Commencement Date thereof and, unless this Lease is sooner terminated with respect to such Item (or all Equipment) pursuant to the provisions hereof, shall end on the date specified therefor in the Lease Supplement for such Item. If not sooner terminated pursuant to the provisions hereof, the Term for each Item of Equipment shall end on the last day of the Basic Term thereof, or if this Lease is renewed pursuant to Section 29(a) hereof, on the last day of the last Renewal Term thereof.

6. Return of Equipment. Upon the expiration or earlier termination of the Term with respect to each Item of Equipment (and provided, in the case of the expiration of the Term, that Lessee has not exercised its purchase option under Section 29(b) hereof), Lessee will surrender and deliver possession of each Item of Equipment to Lessor at such location within the continental United States as shall be designated by Lessor to Lessee in writing (the "Designated Sites") seventy-five (75) days prior to the expiration of the Term (unless Lessor elects the

storage option in paragraph (II) below). Lessee shall use its best efforts to arrange to priority load such Equipment for delivery of such Items to the Designated Sites. If Lessee successfully arranges to priority load such Equipment for delivery to the Designated Sites, Lessee shall bear the costs of such delivery. In the event Lessee is unable to arrange to priority load such Equipment for delivery to the Designated Sites, Lessee shall deliver such Items to the Designated Sites, and Lessee shall be responsible for all costs of such delivery to a point (along the most direct route to the Designated Sites) 250 miles (the "Delivery Limit") from the interchange point on Lessee's or its Affiliate's tracks that is nearest to the Designated Sites, and Lessor shall reimburse Lessee for the costs, if any, of delivering the Equipment beyond the Delivery Limit to the Designated Sites up to \$500, the remainder of the delivery costs, if any, to be paid by Lessee. At the time of such return to Lessor, each Item of Equipment (and each part or component thereof) shall (i) be in good operating order, and in the repair and condition as when originally delivered to Lessee, ordinary wear and tear from proper use thereof excepted, (ii) shall comply with all laws and rules referred to in Section 11, shall qualify for interchange service in accordance with the Interchange Rules of the Association of American Railroads and Federal Railroad Administration rules and regulations, and shall have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 12 hereof and shall have removed in a workmanlike manner therefrom if so requested by the Lessor or any Assignee at the Lessee's expense (A) any addition, modification or improvement which, as provided in Section 12 hereof, is owned by the Lessee, and (B) any insignia permitted pursuant to Section 13 hereof, other than those of the Lessor and other than the Markings, (iii) be free and clear of all Liens, other than a Lien granted or placed thereon by Lessor or any Assignee pursuant to Section 14(c) hereof, (iv) suitable for loading of the commodities intended to be loaded in such Items of Equipment, (v) free from all accumulations or deposits from commodities transported in or on it while in the service of Lessee, and (vi) free of any and all Association of American Railroads Rule 95, as amended, damage. For the purpose of delivering possession of any Items of Equipment as above required, the Lessee shall at its own cost, expense and risk:

(I) forthwith and in the usual manner (including, but not by way of limitation, to the extent legally required by applicable law, rules or regulations to protect the Lessor's or Assignee's interest in the Items of Equipment), give prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Items of Equipment have been interchanged or which may have possession thereof to return the Items of Equipment and to place such Items of Equipment upon such storage tracks on the Lessee's or its Affiliate's tracks as the Lessee reasonably may designate;

(II) at Lessor's option, cause such Items of Equipment to be stored on such tracks or moved once to an interchange point at the risk of the Lessee without charge to the Lessor or any Assignee for insurance, rent or storage until all such Items of Equipment have been sold, leased or otherwise disposed of by Lessor but not to exceed 90 days; and

(III) cause the same to be transported once to any location within the continental United States as directed by the Lessor or Assignee seventy-five (75) days prior to the end of the storage period.

During any such storage period the Lessee will maintain and keep the Items of Equipment in the manner set forth in Section 11 hereof and permit Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or other user of any Items of Equipment, to inspect the same, provided, however, that such representatives act at their own risk, and Lessee will not be liable, except in the case of gross negligence or willful misconduct of the Lessee, its employees or agents, for the death or injury to any person exercising the right of inspection granted herein.

Until each such Item of Equipment has been returned to Lessor as provided in this Section 6, Lessee shall continue to pay Lessor, on the same dates on which Basic Rent for such Item was payable during the Basic Term thereof, the same Basic Rent for such Item that was payable on the last Rent Payment Date of the Basic Term thereof; provided, however no Basic Rent shall be due during the storage period described hereinabove. At least one calendar year before the earliest expiration of the Term of any Item of Equipment hereunder, Lessee shall notify Lessor, which notice may be communicated via telephone to Lessor, whether Lessee expects to (i) exercise its renewal option pursuant to Section 29(a) hereof, (ii) exercise its purchase option pursuant to Section 29(b) hereof, or (c) return the Equipment upon such expiration as provided in this Section 6; provided, however, that such notice shall not be binding on Lessee. The provisions of this Section 6 are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee set forth in this Section 6.

7. Rent.

(a) Interim Rent.

(i) Pre-Conversion Equipment.

Lessee hereby agrees to pay Lessor Interim Rent for each Item of Pre-Conversion Equipment as to which there is an Interim Term, payable on the Rent Payment Date of the Interim Term for such Pre-Conversion Item, in the amount obtained by

multiplying (A) the Acquisition Cost of such Pre-Conversion Item by (B) the percentage set forth (opposite the Interim Rent Percentage reference) on the Related Exhibit A for such Pre-Conversion Item, by (C) the number of days from and including the Acceptance Date for such Pre-Conversion Item through the end of the Interim Term for such Pre-Conversion Item.

(ii) Post-Conversion Equipment.

Lessee hereby agrees to pay Lessor Interim Rent for each Item of Post-Conversion Equipment as to which there is an Interim Term, payable on the Rent Payment Date of the Interim Term for such Post-Conversion Item, in the amount obtained by multiplying (A) the sum of (i) the Acquisition Cost of such Door Modification multiplied by the percentage set forth (opposite the Interim Rent Percentage reference) on the related Exhibit A for such Door Modification, and (ii) the Acquisition Cost of the Pre-Conversion Item of Equipment on which such Door Modification was performed multiplied by the percentage set forth (opposite the Interim Rent Percentage reference) on the related Exhibit A for such Pre-Conversion Item, by (B) the number of days from and including the Acceptance Date for such Door Modification through the end of the Interim Term for such Door Modification.

(b) Basic Rent.

(i) Pre-Conversion Equipment.

Lessee hereby agrees to pay Lessor Basic Rent for each Item of Pre-Conversion Equipment during the Basic Term thereof at the times and on the Rent Payment Dates set forth on the Related Exhibit A for such Pre-Conversion Item and in an amount obtained by multiplying (A) the Acquisition Cost of such Pre-Conversion Item by (B) the percentage set forth (opposite the Basic Rent Percentage reference) on the Related Exhibit A for such Pre-Conversion Item.

(ii) Post-Conversion Equipment.

Lessee hereby agrees to pay Lessor Basic Rent for each Item of Post-Conversion Equipment during the Basic Term thereof at the times and on the Rent Payment Dates set forth on the Related Exhibit A for the Door Modification applicable to such Post-Conversion Item and in an amount obtained by adding (A) the Acquisition Cost of such Door Modification multiplied by the percentage set forth (opposite the Basic Rent Percentage reference) on the Related Exhibit A for such Door Modification, plus (B) the Acquisition Cost of the Pre-Conversion Item of Equipment on which such Door Modification was performed multiplied by the percentage set forth (opposite the Basic Rent Percentage reference) on the Related Exhibit A for such Pre-Conversion Item.

(c) Supplemental Payments. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto as

expressly provided herein, all Supplemental Payments, promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee so to pay any such Supplemental Payment hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Rent.

(d) Method of Payment. All payments of Rent and Supplemental Payments required to be made by Lessee to Lessor shall be made in good funds. In the event of any assignment to an Assignee pursuant to Section 14(c) hereof, all payments which are assigned to such Assignee, whether Rent, Supplemental Payments or otherwise, shall be paid in such manner as shall be designated by Lessor or such Assignee. Time is of the essence in connection with the payment of Rent and Supplemental Payments.

8. Net Lease. This Lease is a net lease. Lessee acknowledges and agrees that its obligations hereunder, including, without limitation, its obligations to pay Rent for all Equipment leased hereunder and to pay all Supplemental Payments payable hereunder, shall be unconditional and irrevocable under any and all circumstances, shall not be subject to cancellation, termination, modification or repudiation by Lessee, and shall be paid and performed by Lessee without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any Assignee, any manufacturer or supplier of the Equipment or any Item thereof, or any other Person for any reason whatsoever, or any defect in the Equipment or any Item thereof, or the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, the Equipment or any Item thereof, or any Liens or rights of others with respect to the Equipment or any Item thereof, or any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Equipment or any Item thereof, for any reason whatsoever, or any default by Lessor in the performance of any of its obligations herein contained, or any other indebtedness or liability, howsoever and whenever arising, of Lessor, or of any Assignee, or of Lessee to any other Person, or by reason of insolvency, bankruptcy or similar proceedings by or against Lessor, any Assignee or Lessee, or for any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that all Rent and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

9. Lessor's Title; Equipment to be and Remain Personal Property. Title to the Equipment shall at all times remain in Lessor and at no time during the Term shall title become vested in Lessee. This Lease is and is intended to be a true lease and not a lease intended as security or a lease in the nature of a security interest. Lessee shall acquire no right, title or interest in or to the Equipment, except the right to use the same pursuant to the terms of this Lease. It is the intention and understanding of both Lessor and Lessee, and Lessee shall take all such actions as may be required to assure, that the Equipment shall be and at all times remain personal property, notwithstanding the manner in which the Equipment may be attached or affixed to realty. Lessee shall obtain and record such instruments and take such steps as may be necessary to prevent any Person from acquiring any rights in the Equipment by reason of the Equipment being claimed or deemed to be real property.

10. Use of Equipment; Compliance with Laws. Lessee agrees that the Equipment will be used and operated in compliance with any and all insurance policy terms, conditions and provisions and with all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of the Equipment, including without limitation the Association of American Railroads Interchange Rules, and the rules and regulations of the Federal Railroad Administration, the United States Department of Transportation and the Interstate Commerce Commission. Lessee shall procure and maintain in effect all licenses, registrations, certificates, permits, approvals and consents required by Federal, state or local laws or by any governmental body, agency or authority in connection with the ownership, delivery, installation, use and operation of each Item of Equipment. Lessee or a Sublessee permitted under Section 14 hereof shall use and operate the Equipment or cause it to be used and operated only by personnel authorized by Lessee in the United States, Canada or Mexico, but at no time during the Lease Term shall any Item of Equipment be used predominantly outside of the United States within the meaning of Section 168(g) of the Code. Lessee shall use every reasonable precaution to prevent loss or damage to each Item of Equipment from fire and other hazards. Lessee shall not use any Item of Equipment, or permit any Item of Equipment to be used, for the transportation or storage of any substance which is categorized as or required to be labeled as, "poison" or "poisonous", "explosive" or "radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) under 49 CFR 171 or other applicable Federal rules in effect from time to time regulating the transportation of hazardous materials.

11. Maintenance and Repair of Equipment. Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, and in compliance with such maintenance and repair standards and procedures as are set forth in the manufacturer's manuals pertaining to the Equipment, and as otherwise may be required to

enforce warranty claims against each vendor and manufacturer of each Item of Equipment, and in compliance with all requirements of law applicable to the maintenance and condition of the Equipment, including, without limitation, environmental, noise and pollution laws and regulations (including notifications and reports), and in compliance with the Interchange Rules and all other rules of the Association of American Railroads (and qualify for interchange service in accordance with such interchange rules) and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of the Equipment. Lessee agrees to prepare and deliver to the Lessor and any Assignee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor and any Assignee) any and all reports (other than income tax returns) to be filed by Lessor or any Assignee with any Federal, state or other regulatory authority by reason of the ownership by Lessor or Assignee of the Items of Equipment or the leasing thereof to Lessee. Lessor agrees to inform Lessee of any request for such reports received by it. Lessee agrees to maintain all records, logs and other materials required by the Association of American Railroads or the Department of Transportation, or any other governmental authority having jurisdiction over the Item of Equipment or the Lessee, to be maintained in respect of each Item of Equipment. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of Lessor.

12. Replacements; Alterations; Modifications. In case any Item of Equipment (or any equipment, part or appliance therein) is required to be altered, added to, replaced or modified in order to comply with any laws, regulations, requirements or rules ("Required Alteration") pursuant to Sections 10 or 11 hereof, Lessee agrees to make such Required Alteration at its own expense; provided, however, that if Lessee provides Lessor with evidence reasonably satisfactory to Lessor that the cost of such Required Alteration exceeds the Casualty Loss Value as provided in Section 16 hereof, Lessee may elect to declare any Item for which a Required Alteration is required to have suffered an Event of Loss as provided in Section 16. In the event such Required Alteration is readily removable without causing material damage to the Item of Equipment, and is not a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Acceptance Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, any such Required Alteration shall be and remain the property of Lessee. To the extent such Required Alteration is not readily removable without causing material damage to the Item of Equipment to which such Required Alteration has been made, or is a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached

to such Item of Equipment on the Acceptance Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, the same shall immediately be and become the property of Lessor and subject to the terms of this Lease. Lessee agrees that, within 30 days after the close of any calendar quarter in which Lessee has made any Required Alterations, Lessee will give written notice thereof to Lessor describing, in reasonable detail, the Required Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made. Any parts installed or replacements made by Lessee upon any Item of Equipment pursuant to its obligation to maintain and keep the Equipment in good order, operating condition and repair under Section 11 hereof shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in Lessor. Except as required or permitted by the provisions of this Section 12, Lessee shall not modify an Item of Equipment without the prior written authority and approval of Lessor. Lessor hereby approves a replacement of the 16' double sliding doors on each Item of Pre-Conversion Equipment with a single 10' sliding door (such replacement door, together with all materials, labor and other costs incurred in the installation thereof are collectively referred to hereafter as the "Door Modification"). Such Door Modifications shall be deemed accessions to the Equipment, and title to all replacement doors and other parts installed on the Equipment that comprise such Door Modifications shall pass to Lessor immediately upon installation thereof.

13. Identification Marks; Legend; Inspection. Lessee will cause each Item to be kept numbered with the identification number as shall be set forth on the Lease Supplement therefor, and, no later than the Completion Date of the Door Modification of each Item of Equipment, Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Item, in letters not less than one inch in height, the words "Owned by NationsBanc Leasing Corporation, as Owner and leased to Lessee pursuant to an Equipment Leasing Agreement filed with the Interstate Commerce Commission" or other appropriate words designated by Lessor or Assignee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and any Assignee's interests in such Item and the rights of Lessor and of any Assignee. The Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Item unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished Lessor an opinion of counsel in form and substance satisfactory to Lessor to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's interests in such Items and that no other filing, recording, deposit or giving of notice with or to any other

Federal, state or local government or agency thereof is necessary to protect the interest of Lessor in such Item. The Items of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee but Lessee will not allow the name of any other Person to be placed on any Item of Equipment as designation that might be interpreted as a claim of ownership thereto or a security interest therein by any Person other than Lessor or any Assignee except the Markings as of the Acceptance Date. Upon the request of Lessor, Lessee shall make the Equipment available to Lessor for inspection and shall also make Lessee's records pertaining to the Equipment available to Lessor for inspection.

14. Assignment and Subleasing.

(a) By Lessee. LESSEE WILL NOT, EXCEPT AS PROVIDED IN THIS SECTION, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, WHICH SHALL NOT BE UNREASONABLY WITHHELD, SUBLEASE OR OTHERWISE RELINQUISH POSSESSION OF ANY ITEM OF EQUIPMENT, OR ASSIGN, TRANSFER OR ENCUMBER ITS RIGHTS, INTERESTS OR OBLIGATIONS HEREUNDER AND ANY ATTEMPTED SUBLEASE, RELINQUISHMENT, ASSIGNMENT, TRANSFER OR ENCUMBERING BY LESSEE WITHOUT LESSOR'S CONSENT SHALL BE NULL AND VOID. Notwithstanding the foregoing, so long as no Event of Default shall have occurred or be continuing hereunder, Lessee shall be entitled to the possession and use of the Items of Equipment upon lines of railroad owned or operated by it or upon lines of railroad over which Lessee has trackage or other operating rights or over which railroad equipment of Lessee is regularly operated and shall be entitled to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, provided, that Lessee's obligations hereunder shall continue in full force and effect as the obligations of a principal and not of a surety. Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items of Equipment.

(b) So long as Lessee shall not be in default under this Lease, Lessee may sublease each Item of Equipment to others (the "Sublessee(s)") for a term not extending beyond the original term of this Lease (or any renewal term that shall have been entered into pursuant to Section 29(a) hereof) and Lessee may enter into the Management Services Agreement; provided, however, that the rights of any such sublessee and WCTU shall be subject and subordinate to, and any such sublease and the Management Services Agreement shall be made expressly subject and subordinate to, all of the terms of this Lease and the Lessor's interest in the Equipment, and Lessee shall remain obligated to perform all of its duties and obligations hereunder. In addition, before Lessee enters into any such sublease for a period greater than six (6) months (including any term for which the sublease may be renewed by either or both parties and any other period after expiration or other termination of the sublease during which the Sublessee may, pursuant to the terms of such sublease, retain possession of the Equipment), Lessee must

obtain Lessor's prior approval and Lessor agrees that such approval shall not be unreasonably withheld and that such determination is to be given within ten (10) business days of the date of receipt of such request; provided, however, that (i) each such sublease shall be assigned to Lessor as security for Lessee's obligations hereunder, (ii) immediately upon execution thereof, Lessee shall deliver to Lessor an originally executed counterpart of such sublease, and (iii) all counterparts of such sublease shall be marked to indicate that only the counterpart delivered to Lessor is the original of such sublease for chattel paper perfection purposes under the Uniform Commercial Code. No sublease of any Item shall nor shall the Management Services Agreement in any way discharge or diminish any of Lessee's obligations to Lessor hereunder including, but not limited to, the payments due to Lessor pursuant to Section 7 of this Lease.

(c) By Lessor. Lessor may, at any time, without notice to or the consent of Lessee, sell, assign, transfer or grant a security interest in all or any part of Lessor's rights, obligations, title or interest in, to and under the Equipment or any Item(s) thereof, this Lease, any Lease Supplement and any Related Exhibit A and/or any Rent and Supplemental Payments payable under this Lease or any Lease Supplement. Any entity to whom any such sale, assignment, transfer or grant of security interest is made is herein called an "Assignee" and any such sale, assignment, transfer or grant of security interest is herein called an "assignment". An Assignee may reassign and/or grant a security interest in any of such rights, obligations, title or interest assigned to such Assignee. Lessee agrees to execute related acknowledgments and other documents that may be reasonably requested by Lessor or an Assignee. Each Assignee shall have and may enforce all of the rights and benefits of Lessor hereunder with respect to the Item(s) of Equipment and related Lease Supplement(s) covered by the assignment, including, without limitation, the provisions of Section 8 hereof and Lessee's representations and warranties under Section 22 hereof. Lessee acknowledges that any such assignment will not materially change its duties or materially increase its burdens or risks hereunder. Each such assignment shall be subject to Lessee's rights hereunder so long as no Event of Default has occurred and is occurring hereunder. Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from Lessor or, in the case of a reassignment, from the Assignee. Upon written notice to Lessee of an assignment, Lessee agrees to pay the Rent and Supplemental Payments with respect to the Item(s) of Equipment covered by such assignment to such Assignee in accordance with the instructions specified in such notice without any abatement, defense, setoff, counterclaim or recoupment whatsoever, and to otherwise comply with all notices, directions and demands which may be given by Lessor or such Assignee with respect to such Item(s), in accordance with the provisions of this Lease. Notwithstanding any such assignment, all obligations of Lessor to Lessee under this Lease shall be and remain enforceable by Lessee against Lessor. Lessee hereby waives any right to assert against an Assignee any claims,

defenses or rights of set off that Lessee may have against Lessor or any prior Assignee, including without limitation those arising from facts or circumstances existing prior to any such assignment.

15. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to (i) the Equipment or any Item thereof, Lessor's title thereto or any interest therein, or (ii) this Lease or any of Lessor's or Lessee's interests hereunder, except (a) any Lien granted or placed thereon by Lessor, any Assignee or Lessee pursuant to Section 14 hereof; (b) any lien resulting from any independent act of or claim against Lessor which does not result from, arise out of, or relate to the manufacture, acquisition, ownership or leasing of the Items or this Lease or any Lease Supplement or the failure by Lessee to perform any of obligations hereunder; (c) liens for taxes either not yet delinquent or being contested by Lessee in good faith by appropriate proceedings; (d) materialman's, mechanic's, workman's, repairman's, employee's, storage or like liens arising in the ordinary course of business which are not delinquent or being contested by Lessee in good faith by appropriate proceedings; (e) any liens otherwise agreed to by the Lessor as provided in the list attached to this Lease as Exhibit C ("Permitted Liens"). Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep this Lease and the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor and each Assignee, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and each Assignee in writing promptly upon becoming aware of any tax or other Lien (other than any lien excepted above) that shall attach to the Equipment or any Item of Equipment, and of the full particulars thereof.

16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to each Item of Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to each Item of Equipment from the date of this Lease, and continuing until such Item of Equipment has been returned to Lessor in accordance with the provisions of Section 6 hereof or has been purchased by Lessee in accordance with the provisions of Section 29(b) hereof. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in whole or in part, any obligation of Lessee under this Lease, including, without limitation, the obligation to pay Rent.

(b) Payment of Casualty Loss Value Upon an Event of Loss. If (i) an Event of Loss occurs with respect to an Item of Equipment during the Term thereof, or (ii) after the Acceptance Date of any Item of Pre-Conversion Equipment, either party becomes aware that such Item of Pre-Conversion Equipment suffered

an Event of Loss before the Acceptance Date thereof, or (iii) any Item of Pre-Conversion Equipment that has not theretofore suffered an Event of Loss has not been converted into Post-Conversion Equipment on or before October 4, 1992, then Lessee shall give Lessor (or in the case of clause (ii), the party becoming so aware shall give the other party) prompt written notice thereof and Lessee shall pay to Lessor on the Rent Payment Date next following the date of such notice (or on the last day of the Rental Period in which such notice is given if there is no succeeding Rent Payment Date) the sum of (A) all unpaid Interim Rent and Basic Rent payable for such Item of Equipment prior to such Rent Payment Date, plus (B) the Casualty Loss Value of such Item of Equipment as of (x) the Rent Payment Date next preceding or coincident with the date of such notice if Basic Rent for such Item of Equipment is payable in advance, or (y) the Rent Payment Date next following the date of such notice if Basic Rent for such Item of Equipment is payable in arrears, plus (C) the Basic Rent payable for such Item of Equipment for the Rental Period in which such notice is given, if Basic Rent for such Item is payable in arrears, plus (D) all other Supplemental Payments due for such Item of Equipment as of the date of payment of the amounts specified in the foregoing clauses (A), (B) and (C) (collectively, the "Casualty Payment"). Any payments received at any time by Lessor or by Lessee from any insurer, the vendor or other party (except Lessee) as a result of the occurrence of an Event of Loss will be applied in reduction of Lessee's obligation to pay the foregoing amounts, if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such amount, unless an Event of Default shall have occurred and be continuing. Upon payment in full of such Casualty Payment, (1) the obligation of Lessee to pay Rent hereunder with respect to such Item of Equipment shall terminate and the Term of such Item shall terminate, and (2) Lessor shall transfer to Lessee all right, title and interest in the Item(s) of Equipment for which such Casualty Loss Value has been paid "as is", "where is" and without recourse or warranty, and Lessee may, as it deems practical, dispose of such Item or Items of Equipment. As used in this Lease, the term "Casualty Loss Value" of any Item of Pre-Conversion Equipment as of any Rent Payment Date means an amount determined by multiplying the Acquisition Cost of such Item of Equipment by the percentage set forth opposite such Rent Payment Date on the schedule of Casualty Loss Values attached to and made a part of the Related Exhibit A for such Pre-Conversion Item. As used in this Lease, the term "Casualty Loss Value" of any Item of Post-Conversion Equipment as of any Rent Payment Date means an amount determined by adding (1) the Acquisition Cost of the Door Modification applicable to such Post-Conversion Item multiplied by the percentage set forth opposite such Rent Payment Date on the schedule of Casualty Loss Values attached to and made a part of the Related Exhibit A for such Door Modification, plus (II) the Acquisition Cost of the Pre-Conversion Item of Equipment on which such Door Modification was performed multiplied by the percentage set forth opposite such Rent Payment Date on the schedule of Casualty Loss Values

attached to and made a part of the Related Exhibit A for such Pre-Conversion Item.

(c) Application of Payments Not Relating to an Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any governmental authority or other party with respect to any loss or damage to any Item or Items of Equipment, not constituting an Event of Loss, will be applied directly in payment of repairs or for replacement of property in accordance with the provisions of Section 11 and 12 hereof, if not already paid by Lessee, or if already paid by Lessee and no Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with the provisions of said Sections with respect to such loss or damage shall be retained by Lessor.

17. Insurance. Lessee will cause to be carried and maintained, at its sole expense, with respect to the Equipment at all times during the Term thereof and until the Equipment has been returned to Lessor (a) physical damage insurance (including without limitation theft and collision insurance) insuring against all risks of physical loss or damage to the Equipment, in an amount not less than the greater of the Casualty Loss Value of the Equipment or the replacement value of the Equipment, and (b) comprehensive general public liability insurance for bodily injury, death and property damage resulting from the use and operation of the Equipment (including FELA claims) in an amount not less than \$25,000,000.00 per occurrence in each case with exclusions reasonably acceptable to Lessor and a deductible no greater than \$3,000,000.00. Such insurance policy or policies will name Lessor and each Assignee as the sole loss payees, as their interests may appear, on all policies referred to in clause (a) of the preceding sentence, and will name Lessor and each Assignee as additional insureds on all policies referred to in clause (b) of the preceding sentence. Such policies will provide that the same may not be invalidated against Lessor or any Assignee by reason of any violation of a condition or breach of warranty of the policies or the application therefor by Lessee, that the policies may be canceled or materially altered or reduced in coverage (except as otherwise permitted under the terms of this Lease) by the insurer only after thirty (30) days' prior written notice to Lessor and each Assignee, and that the insurer will give written notice to Lessor and each Assignee in the event of nonpayment of premium by Lessee when due. The policies of insurance required under this Section shall be valid and enforceable policies issued by insurers of recognized responsibility in providing insurance for the United States railroad industry. In the event that any of such policies referred to in clause (b) of the first sentence of this Section shall now or hereafter provide coverage on a "claims-made" basis, Lessee shall continue to maintain such policies in effect for a period of not less than three (3) years after the expiration of the Term of the last Item of Equipment leased to Lessee hereunder. Prior to the execution of this Lease and thereafter

not less than thirty (30) days prior to the expiration dates of any expiring policies theretofore furnished under this Section, certificates of the insurance coverage required by this Section and, if requested by Lessor or any Assignee, copies of the policies evidencing such insurance coverage, shall be delivered by Lessee to Lessor and each other named loss payee and/or additional insured. Any certificate of insurance issued with respect to a blanket policy covering other equipment not subject to this Lease shall specifically describe the Equipment as being included therein and covered thereby to the full extent of the coverages and amounts required hereunder. If Lessee shall fail to cause the insurance required under this Section to be carried and maintained, Lessor or any Assignee may provide such insurance and Lessee shall reimburse Lessor or any such Assignee, as the case may be, upon demand for the cost thereof as a Supplemental Payment hereunder.

18. General Tax Indemnity. Lessee agrees to pay, defend and indemnify and hold Lessor, each Assignee and their respective successors and assigns harmless on an after-tax basis from any and all Federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, ad valorem or property taxes, all license, franchise or registration fees, fines, tariffs, switching fees, demurrage charges, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, any Assignee, Lessee, the Equipment, any Item of Equipment, or any part thereof, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (a) the Equipment, or any Item of Equipment or any part thereof, (b) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, subleasing, re-leasing, possession, use, maintenance, registration, re-registration, titling, re-titling, licensing, documentation, return, repossession, sale or other application or disposition of the Equipment, or any Item of Equipment or any part thereof, (c) the rentals, receipts or earnings arising from the Equipment or any Item of Equipment or any part thereof, or (d) this Lease, each Lease Supplement, the Rent and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to any taxes or other impositions based upon or measured solely by Lessor's or any Assignee's net income, or which are imposed as a result of Lessor's sale or assignment of Equipment other than pursuant to Section 24 hereof, or which are included as exceptions to the indemnity provisions contained in Section 19(d) of this Lease, and which are imposed or levied by any Federal, state or local taxing authority in the United States. Lessee will promptly notify Lessor of all reports or returns required to be made with respect to any tax or other imposition with respect to which Lessee is required to indemnify Lessor hereunder, and will promptly provide Lessor with all information necessary for the making and timely filing of such reports or returns by

Lessor. If Lessor requests that any such reports or returns be prepared and filed by Lessee, Lessee will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Lessee shall prepare such reports or returns for signature by Lessor, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to Lessor, at least ten (10) days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 18. All of the indemnities contained in this Section 18 shall continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to any Item (or all) of the Equipment but only to the extent that the taxes or other impositions relate to a period during the Term of this Lease with respect to such Item, and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee; provided, however, that Lessee assumes no greater obligation to any assignee than it assumes to Lessor hereunder. The provisions contained in Section 19(e) of this Lease related to contesting a Tax Loss also shall apply to any taxes or other impositions described herein.

19. Special Tax Indemnity.

(a) Tax Assumptions. In entering into this Lease and the transactions contemplated hereby, Lessor has made the following tax assumptions for each Item of Equipment (the "Tax Assumptions"): (i) Lessor will be entitled to the benefit of cost recovery deductions for Federal income tax purposes under the modified Accelerated Cost Recovery System provided for in Section 168 of the Code and depreciation or cost recovery deductions for state income tax purposes for Lessor's Home State (hereinafter defined) and (to the extent allowable) for local tax purposes, based upon one hundred percent (100%) of the Acquisition Cost of each such Item of Equipment and on the basis that each Item of Equipment shall have the applicable recovery period and property classification, and that Lessor shall be entitled to use the method of depreciation and depreciation convention, specified on the Tax Schedule (hereinafter defined) attached to and made a part of the Related Exhibit A for such Item (the "Recovery Deduction"); (ii) with respect to each Item of Equipment, Lessor will be entitled to the benefit of deductions for Federal and Lessor's Home State and (to the extent allowable) local income tax purposes for interest payable with respect to any indebtedness incurred by Lessor in connection with any financing by Lessor of any portion of the Acquisition Cost of such Item of Equipment (the "Interest Deduction"); and (iii) for each year of the Term, with respect to each Item of Equipment, including any year in which a Tax Loss (hereinafter defined) occurs, Lessor will be subject to tax as follows: (a) for each such year up to and including the year in which such Tax Loss occurs, at a composite Federal, state, and (to the extent applicable) local

corporate income tax rate that is equal to the highest marginal rate for corporations provided for under the Code, the laws of Lessor's Home State, and (to the extent applicable) local laws (the "Highest Composite Marginal Tax Rate") and that is actually in effect for each such year, and (b) for each such year following the year in which such Tax Loss occurs, at a composite Federal, state and (to the extent applicable) local corporate income tax rate that is equal to the Highest Composite Marginal Tax Rate actually in effect in the year in which such Tax Loss occurs and which, under the provisions of the Code, the laws of Lessor's Home State and (to the extent applicable) local laws then in effect, is to be applicable to each such following year. As used herein the term "Lessor's Home State" means the state specified as such on any Tax Schedule, and the term "Tax Schedule" means the schedule of tax assumptions attached to and made a part of each Related Exhibit A.

(b) Lessee's Tax Representations and Warranties.

Lessee represents and warrants to Lessor that (i) at the time Lessor becomes the owner of each Item of Equipment such Item will constitute tangible personal property; (ii) at all times during the Term, with respect to each Item of Equipment, such Item will not constitute "tax-exempt use property" within the meaning of Section 168(h)(1)(A) of the Code; (iii) in determining the Recovery Deduction for each Item of Equipment, Lessor shall be entitled to assume that each such Item shall have the applicable recovery period, property classification and useful life specified on the Tax Schedule attached to the Related Exhibit A for such Item; (iv) at the end of the Basic Term with respect to each Item of Equipment, the fair market value of such Item will be an amount equal to at least twenty percent (20%) of the Acquisition Cost thereof, without including in such value any increase or decrease for inflation or deflation during the Basic Term thereof, and after subtracting from such value any cost to Lessor for removal and delivery of possession of such Item to Lessor at the end of the Term thereof; (v) as of the date hereof each Item of Equipment is expected to be useful or usable by Lessor at the end of the Term thereof for purposes other than continued leasing by or transfer to any member of the Lessee Group (as such term is defined in Revenue Procedure 75-21, C.B. 1975-1, 715); (vi) during the recovery period specified on the Tax Schedule attached to the Related Exhibit A the Lessee will be a domestic common carrier by railroad or a corporation which is controlled directly or indirectly, by one or more such common carriers; (vii) as of the date hereof the only expected use outside the United States of each Item of Equipment is use in Canada or Mexico on a temporary basis which is not expected to exceed a total of 90 days in any taxable year within the meaning of Section 861(e) of the Code; and (viii) the Door Modification shall be completed on each Item of Equipment on or before October 4, 1994.

(c) Indemnity. (A) If by reason of (i) any act or failure to act of Lessee (regardless of whether any such act or failure to act is permitted or required by the terms of this

Lease or otherwise), or (ii) the breach of or inaccuracy in law or in fact of any of Lessee's representations and warranties set forth in subsection (b) of this Section 19 or the breach of any of Lessee's representations and warranties set forth in any certificate or document delivered by Lessee in connection with the delivery and acceptance of any Item of Equipment, or (iii) the sale or other disposition of any Item of Equipment or the interest of the sale or other disposition of any Item of Equipment or the interest of Lessor therein after the occurrence of an Event of Default, Lessor shall lose the benefit of, or shall not have or shall lose the right to claim, or shall suffer a disallowance or recapture of, or delay in claiming, all or any portion of the Recovery Deduction or (if Lessor finances any portion of its Acquisition Cost) the Interest Deduction, with respect to any Item of Equipment, or (B) if, as a result of the inaccuracy of either of Lessee's representations in Section 19(b)(vi) or (vii), for Federal, foreign, state or local income tax purposes, any item of income, loss or deduction with respect to any Item of Equipment is treated as derived from, or allocable to, sources outside the United States (whether or not any foreign income taxes imposed as a result thereof may be credited against Federal, state or local income taxes of Lessor), or (C) if there shall be included in the gross income of Lessor for Federal, state or local income tax purposes any amount at any time other than rentals and other amounts payable by Lessee hereunder at the times such amounts are payable as provided herein, including without limitation, on account of any addition, modification or improvement to or in respect of any Item of Equipment made or paid for by Lessee (any such loss, failure to have or loss of the right to claim, disallowance, recapture, delay in claiming, treatment, or inclusion referred to in any of the foregoing clauses (A) through (C) of this paragraph (c) being hereinafter called a "Tax Loss"), then a Tax Loss shall be deemed to have occurred, and the Basic Rent for such Item of Equipment shall, on the Rent Payment Date next following written notice by Lessor to Lessee that a Tax Loss has occurred, and on each succeeding Rent Payment Date, be increased by such amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt or accrual of such amount under the laws of the United States, any state or any political subdivision thereof or any foreign taxing authority, will maintain Lessor's after-tax yield and aggregate after-tax cash flows in respect of such Item of Equipment at levels which are each not less than the levels of Lessor's after-tax yield and aggregate after-tax cash flows that would have been applicable if such Tax Loss had not occurred, and Lessee shall pay to Lessor an amount which, after the deduction of any additional taxes required to be paid by Lessor in respect of the receipt or accrual of such amount, shall be equal to the amount of any interest, penalty, costs (including without limitation attorneys' fees and expenses) or additions to tax which may be imposed on or incurred by Lessor in connection with such Tax Loss. In the event that the Term with respect to any Item of Equipment is terminated prior to the time Lessee is obligated to make the increased Basic Rent payments to Lessor with respect to such Item of Equipment as set forth in the

preceding sentence, or in the event Lessor shall, by written notice to Lessee, elect to have such indemnity paid to Lessor in a lump sum payment, then, in either event, Lessee shall pay to Lessor, within thirty (30) days from the date of such written notice by Lessor to Lessee, in lieu of the increased Basic Rent payment or payments set forth in the preceding sentence, such lump sum as shall (after deduction of all taxes required to be paid by Lessor in respect of the receipt or accrual of such payment under the laws of the United States, any state or any political subdivision thereof or any foreign taxing authority) be necessary to maintain Lessor's after-tax yield and aggregate after-tax cash flows in respect of such Item of Equipment at levels which are each not less than the levels of Lessor's after-tax yield and aggregate after-tax cash flows that would have been applicable if such Tax Loss had not occurred, and Lessee shall also pay to Lessor an amount which, after the deduction of any additional taxes required to be paid by Lessor in respect of the receipt or accrual of such amount, shall be equal to the amount of any interest, penalty, costs (including without limitation attorneys' fees and expenses) or additions to tax which may be imposed on or incurred by Lessor in connection with such Tax Loss. Lessor's after-tax yield and aggregate after-tax cash flows shall be determined by taking into account (i) the assumptions used by Lessor in originally calculating Rent and Casualty Loss Value percentages, including the Tax Assumptions taking into account any tax benefits arising as a result of a Tax Loss (as such Tax Assumptions may have been revised pursuant to the next sentence hereof), and (ii) the Highest Composite Marginal Tax Rate actually in effect during each year from the date of such original calculations to the date of such Tax Loss, both dates inclusive. In the event Lessor shall suffer a Tax Loss with respect to which Lessee is required to pay an indemnity hereunder, and the full amount of such indemnity has been paid or provided for hereunder, the Tax Assumptions, without further act of the parties hereto, shall thereupon be and be deemed to be amended, if and to the extent appropriate, to reflect such Tax Loss. In the event any indemnity payments shall be paid to Lessor under this Section 19 with respect to any Item(s) of Equipment, the Casualty Loss Values of such Item(s) of Equipment shall be adjusted appropriately. The indemnification obligations of Lessee under this Section 19 shall survive the expiration or termination of this Lease and the Term of the Equipment.

(d) Exceptions to Indemnity. Lessee shall not be required to make any indemnity payment to Lessor provided for in this Section 19 with respect to an Item of Equipment, if Lessor shall have suffered a Tax Loss with respect to such Item of Equipment as a result of the occurrence of (i) an Event of Loss with respect to such Item of Equipment, if Lessee shall have paid to Lessor all of the amounts payable under Section 16 hereof, and to the extent that such payment compensates Lessor for such Tax Loss; or (ii) the failure of Lessor to claim the Recovery Deduction or (if Lessor finances any portion of its Acquisition Cost) the Interest Deduction, as the case may be, in a timely and proper manner, unless such failure is due to Lessee's failure to

provide Lessor with the information reasonably necessary to make such claim, or unless in the reasonable opinion of independent tax counsel mutually acceptable to Lessor and Lessee, there is no reasonable basis for such claim; or (iii) the failure of Lessor to have sufficient income to benefit from the Recovery Deduction or (if Lessor finances any portion of its Acquisition Cost) the Interest Deduction, as the case may be, after giving effect to all permitted tax loss carryforwards and carrybacks; or (iv) a voluntary or involuntary transfer or other voluntary or involuntary disposition by Lessor of all or any part of its interest in such Item of Equipment, other than any such transfer or disposition pursuant to Section 24 hereof.

(e) Contest. In the event a claim shall be made by any taxing authority against Lessor that a Tax Loss has occurred, Lessor shall provide Lessee with timely notice of such claim and if, in the opinion of independent tax counsel selected and compensated by Lessee and reasonably acceptable to Lessor ("Tax Counsel") a reasonable defense to such claim exists, Lessor shall, provided that no Event of Default has occurred and is continuing, upon Lessee's written request and at the expense of Lessee, contest such matter in such forum as Lessor shall select, considering in good faith such request as Lessee may make concerning the most appropriate forum in which to proceed. Lessor shall not be obligated to take any such legal or other appropriate action unless it has received an opinion (the "Tax Counsel Opinion") from Tax Counsel that a reasonable defense to such claim exists and the Lessee shall have indemnified Lessor for all costs and expenses which may be incurred by Lessor in contesting such claim. The action to be taken may, in Lessor's sole discretion, be commenced prior to making payment of any tax and interest and/or penalty attributable to such claim (a "Tax Payment") or after making such Tax Payment and then suing for a refund. If Lessor takes such action prior to making such Tax Payment, the indemnity amounts payable under this Section 19 with respect to the Tax Loss need not be paid by Lessee while such action is pending; provided that Lessee shall pay the costs and expenses relating to such action when and as the same shall become due, except that Lessor shall reimburse Lessee for such costs and expenses in the event that the Lessor terminates or otherwise discontinues such action prior to a Final Determination (hereinafter defined) other than at Lessee's request. In the event that the Lessor takes such action prior to making such Tax Payment, and if the Final Determination (hereinafter defined) shall be adverse to Lessor, the indemnity amounts payable under this Section 19 with respect to the Tax Loss shall be computed by Lessor as of the date of such Final Determination, Lessor shall notify Lessee in writing of such computation and Lessee shall make the indemnity payments required in accordance with this Section 19. If Lessor determines to make such Tax Payment prior to contesting the matter, and to then sue for a refund, Lessee will advance to Lessor, as an interest-free loan and without any additional net-after-tax cost to Lessor, an amount equal to the amount of such Tax Payment attributable to such claim. If Lessor sues for a refund after making such Tax Payment, and if the Final

Determination shall be in favor of Lessor (i) no future payments shall be due hereunder in respect of such matter (or an appropriate reduction shall be made if the Final Determination is partly in favor of and partly adverse to Lessor) other than any outstanding costs or expenses incurred by Lessor with respect to such contest, and (ii) Lessor shall pay to the Lessee an amount equal to the amounts theretofore paid by Lessee to Lessor in respect of such Tax Payment (or a proportionate part thereof if the Final Determination is partly in favor of and partly adverse to Lessor) on or before the next succeeding Rent Payment Date (or within thirty (30) days from such Final Determination, if there is no succeeding Rent Payment Date), together with the amount of any penalty or interest actually refunded to Lessor as a result of such Final Determination. If the Final Determination of such contest shall be adverse to Lessor, the indemnity amounts payable under of this Section 19 with respect to the Tax Loss shall be computed by Lessor as of the date of such Final Determination, Lessor shall notify Lessee in writing of such computation and Lessee shall make the indemnity payments required in accordance with this Section 19. "Final Determination", for the purposes of this subsection (e), means a final decision of a court of competent jurisdiction after all allowable appeals have been exhausted by either party to the action, or a determination within the meaning of Section 1313(a) of the Code.

Notwithstanding the foregoing provisions of this subsection (e), Lessor in its sole discretion (by written notice to Lessee) may unconditionally waive its rights to the indemnity amounts payable under this Section 19 and refrain from contesting any Tax Loss, in which event Lessee shall have no liability to Lessor under this Section 19 with respect to such Tax Loss, it being understood that any such waiver shall be without prejudice to Lessor's rights with respect to any other Tax Loss. If Lessor waives its rights with respect to any Tax Loss as aforesaid, Lessor shall promptly pay Lessee all amounts theretofore paid or advanced by Lessee in respect of such Tax Loss.

(f) Consolidated Tax Returns; Lessor's Assigns. For purposes of this Section 19, the term "Lessor" will include the corporation constituting Lessor, its successor(s) in interests, each Assignee and each of their respective successors in interests and assigns and any Consolidated Group (hereinafter defined) of which Lessor or any such Assignee or any of their respective successors in interests or assigns is, or may become a member, and each member of such Consolidated Group. As used in this subsection (f) the term "Consolidated Group" means an affiliated group (within the meaning of Section 1504 of the Code) that files consolidated returns for Federal income tax purposes and any group filing combined or consolidated returns pursuant to the rules of any state taxing authority.

20. Indemnification. Lessee hereby assumes liability for, and does hereby agree to indemnify, protect, save, defend, and hold harmless Lessor, each Assignee and their respective officers, directors, stockholders, successors, assigns, agents and servants (each such party being herein, for purposes of this

Section 20, called an "indemnified party") on an after-tax basis from and against any and all obligations, fees, liabilities, losses, damages (whether direct, incidental or consequential), penalties, claims, demands, actions, suits, (whether threatened or commenced) judgments, costs and expenses, including legal expenses, of every kind and nature whatsoever, imposed on, incurred by, or asserted against any indemnified party, in any way relating to or arising out of (a) the Equipment, including without limitation, the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, delivery, leasing, subleasing, releasing, possession, use, operation, condition, repair, modification, storage, removal, return, repossession, sale or other disposition of the Equipment or any Item of Equipment, or any part thereof, including, without limitation, any of such as may arise from (i) loss or damage to any property or death or injury to any persons, (ii) patent or latent defects in the Equipment (whether or not discoverable by Lessee or any indemnified party), (iii) any claims based on strict liability in tort, and (iv) any claims based on patent, trademark, tradename or copyright infringement, (v) any claims based upon any non-compliance with or violation of any environmental control, noise or pollution laws or requirements, including, without limitation, fines and penalties arising from violations of or noncompliance with such requirements or failure to report discharges, and costs of clean-up of any discharge and (vi) any loss or damage to or caused by any commodities loaded or shipped in the Equipment; or (b) any failure on the part of Lessee to perform or comply with any of the terms of this Lease, or (c) any power of attorney issued to Lessee to license, relicense, title, retitle, register or reregister Items of Equipment subject to motor vehicle titling and registration laws, and any towing charges, parking tolls, fines, parking and speeding tickets, odometer certifications and other civil and criminal motor vehicle violations with respect to any such Item, and all penalties and interest applicable thereto; provided, however, that Lessee assumes no greater obligation to any Assignee or other indemnified party than it assumes to Lessor hereunder. Lessee shall give each indemnified party prompt notice of any occurrence, event or condition known to Lessee as a consequence of which any indemnified party may be entitled to indemnification hereunder. Lessee shall forthwith upon demand of any such indemnified party reimburse such indemnified party for amounts expended by it in connection with any of the foregoing or pay such amounts directly. Lessee shall be subrogated to an indemnified party's rights in any matter with respect to which Lessee has actually reimbursed such indemnified party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 20. In case any action, suit or proceeding is brought against any indemnified party in connection with any claim indemnified against hereunder, such indemnified party will, promptly after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof, enclosing a copy of all papers served upon such indemnified party, but failure to give such notice or to enclose such papers shall not relieve Lessee from any liability hereunder. Lessee

may, and upon such indemnified party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and reasonably satisfactory to such indemnified party and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, attorney's fees and expenses) incurred by such indemnified party in connection with such action, suit or proceeding. The provisions of this Section 20, and the obligations of Lessee under this Section 20, shall apply from the date of the execution of this Lease notwithstanding that the Term may not have commenced with respect to any Item of Equipment, and shall survive and continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration of termination of the Term with respect to any Item (or all) of the Equipment, provided, however that the Lessee shall not be responsible for claims relating to a period following the later of (a) the expiration or earlier termination of this Lease and (b) the return of the Equipment to Lessor) and are expressly made for the benefit of, and shall be enforceable by, each indemnified party.

21. NO WARRANTIES. LESSOR HEREBY LEASES THE EQUIPMENT TO LESSEE AS-IS AND EXPRESSLY DISCLAIMS AND MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF, OR ANY OTHER MATTER CONCERNING, THE EQUIPMENT. LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT OR INFRINGEMENT) IT MIGHT HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY THE EQUIPMENT OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER. So long and only so long as an Event of Default shall not have occurred and be continuing, and so long and only so long as the Equipment shall be subject to this Lease and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's, vendor's or dealer's warranty on the Equipment or any part thereof; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization; and provided further, that Lessor assumes no responsibility for compliance by any such manufacturer, vendor or dealer with any such warranty.

22. Lessee's Representations and Warranties. Lessee hereby represents and warrants that (a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation set forth above, and is qualified to do business in, and is in good standing in, each state or other jurisdiction in which the nature of its business makes such qualification necessary; (b) Lessee has the corporate power and

authority to execute and perform this Lease and to lease the Equipment hereunder, and has duly authorized the execution, delivery and performance of this Lease; (c) the leasing of the Equipment from Lessor by Lessee, the execution and delivery of this Lease, each Lease Supplement, and other related instruments, documents and agreements, and the compliance by the Lessee with the terms hereof and thereof, and the payments and performance by Lessee of all of its obligations hereunder and thereunder (i) have been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) are not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's Certificate of Incorporation (or equivalent document), its By-Laws, or of any provisions relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (or with due notice and/or lapse of time would constitute) a default under any such indenture, agreement or instrument, or result in the creation or imposition of any Lien upon any of Lessee's property or assets; (d) this Lease has been executed by the duly authorized officer or officers of Lessee and delivered to Lessor and constitutes, and when executed by the duly authorized officer or officers of Lessee and delivered to Lessor each Lease Supplement and related instruments, documents and agreements with respect to each Item of Equipment will constitute, the legal, valid and binding obligations of Lessee, enforceable in accordance with their terms; (e) neither the execution and delivery of this Lease or any Lease Supplement by Lessee, nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, requires the consent or approval of, the giving of notice to, or the registration, filing or recording with, or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency or any other Person other than filing of the Lease and Lease Supplement(s) with the Interstate Commerce Commission and Registrar General of Canada; (f) no mortgage, deed of trust, or other Lien which now covers or affects, or which may hereafter cover or affect, any property or interest therein of Lessee, now attaches or hereafter will attach to the Equipment or any Item of the Equipment, or in any manner affects or will affect adversely Lessor's right, title and interest therein except for Permitted Liens; (g) there is no litigation or other proceeding now pending or, to the best of Lessee's knowledge, threatened against or affecting the Lessee, in any court or before any regulatory commission, board or other administrative governmental agency which would directly or indirectly adversely affect or impair the title of Lessor to the Equipment, or which, if decided adversely to Lessee, would materially adversely affect the business operations or financial condition of Lessee; (h) all balance sheets, statements of profit and loss and other financial data that have been delivered to Lessor with respect to Lessee (i) are complete and correct in all material respects, (ii) accurately present the financial condition

of Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished, and (iii) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; and there has been no change in the condition of Lessee, financial or otherwise, since the date of the most recent financial statements delivered to Lessor with respect to Lessee; and (i) Lessee is a "common carrier", as such term is defined in the Interstate Commerce Act, as amended, and (j) the execution, delivery or performance by the Lessee of this Lease and each Lease Supplement and other related instruments, documents and agreements, does not require the consent or approval of, or the registration with, or the taking of any other action in respect of, the Interstate Commerce Commission or the Securities and Exchange Commission.

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

(a) Lessee shall fail to make any payment of Interim Rent or Basic Rent or any Supplemental Payment within five (5) days after the same is due and payable; or

(b) Lessee shall fail to observe or perform any of the covenants or agreements of Lessee set forth in Sections 6, 14(a), 14(b) or 17 hereof; or

(c) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease, including without limitation, under any Lease Supplement, any Related Exhibit A, or in any agreement or certificate furnished to Lessor or any Assignee in connection therewith, and such failure shall continue unremedied for thirty (30) days after written notice to Lessee specifying such failure and demanding the same to be remedied; or

(d) Lessee (or any Guarantor) shall be in default (i) under any lease, loan agreement or other agreement, instrument or document heretofore, now or hereafter entered into between Lessee (or any Guarantor) and Lessor, or between Lessee (or any Guarantor) and any parent, subsidiary or Affiliate of Lessor, and such default shall have been declared by the party entitled to declare the same, or (ii) under any promissory note heretofore, now or hereafter executed by Lessee (or any Guarantor) and delivered to any party referred to in clause (i) above evidencing a loan made by any such party to Lessee (or any Guarantor), or (iii) in the payment or performance of any obligation of Lessee (or of any Guarantor) to any Person (other than Lessor, or any parent, subsidiary or Affiliate of Lessor, and other than any Guarantor) in excess of \$5,000,000.00 (excluding any such non-payment or non-performance which is being contested in good faith by Lessee or any Guarantor by appropriate proceedings and the liability for which has not been reduced to judgment) relating to the payment of borrowed money or the payment of rent or hire under any lease agreement, and such obligation shall be declared

to be due and payable or otherwise accelerated prior to the maturity thereof; or an attachment or other Lien shall be filed or levied against a substantial part of the property of Lessee (or any Guarantor), and such judgment shall continue unstayed and in effect, or such attachment or Lien shall continue undischarged or unbonded, for a period of 30 days; or

(e) Lessee (or any Guarantor) shall become insolvent or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee (or for any Guarantor) or for a substantial part of its property without its consent and shall not be dismissed for a period of 60 days; or any petition for the relief, reorganization or arrangement of Lessee (or any Guarantor), or any other petition in bankruptcy or for the liquidation, insolvency or dissolution of Lessee (or any Guarantor), shall be filed by or against Lessee (or any Guarantor) and, if filed against Lessee (or any Guarantor), shall be consented to or be pending and not dismissed for a period of 60 days, or an order for relief under any bankruptcy or insolvency law shall be entered by any court or governmental authority of competent jurisdiction with respect to Lessee (or any Guarantor); or any execution or writ or process shall be issued under any action or proceeding against Lessee whereby any of the Equipment may be taken or restrained; or Lessee's (or any Guarantor's) corporate existence shall cease; or Lessee (or any Guarantor) shall (whether in one transaction or a series of transactions), without Lessor's prior written consent, sell, transfer, dispose of, pledge or otherwise encumber, all or substantially all of its assets or property, or consolidate or merge with any other entity, or become the subject of, or engage in, a leveraged buy-out or any other form of corporate reorganization, except for the KCSI Merger; provided, that the KCSI Merger has been effected in accordance with all applicable laws; and provided further, that at the time of the consummation thereof, none of KCSI, the Guarantor or the Lessee shall, in the reasonable opinion of the Lessor, have suffered a material adverse change in its business or its financial condition since the date hereof.

(f) any representation, warranty, statement or certification made by Lessee under this Lease or in any Lease Supplement or in any document or certificate furnished Lessor or any Assignee in connection herewith or pursuant hereto (or made by any Guarantor under any Guaranty or other document or certificate furnished to Lessor or any Assignee by any Guarantor), except for representations contained in Section 19(b) hereof, shall prove to be materially untrue or incorrect when made, or shall be breached.

24. Remedies Upon Default. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, and subject to the last paragraph of this Section 24, Lessor may exercise one or more of the following remedies as Lessor in its sole discretion shall elect:

(a) Lessor may declare all unpaid Rent and Supplemental Payments due and to become due hereunder to be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

(b) Lessor may terminate this Lease, without prejudice to any other remedies of Lessor hereunder, with respect to all or any Item of Equipment, and whether or not this Lease has been so terminated, may enter the premises of Lessee or any other party to take immediate possession of the Equipment and remove all or any Item of Equipment by summary proceedings or otherwise, or may cause Lessee, at Lessee's expense, to assemble, store, maintain, surrender and deliver possession of the Equipment or such Item in the same manner as provided in Section 6 hereof, all without liability to Lessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(c) Lessor may hold, keep idle or lease to others the Equipment or any Item of Equipment, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay Basic Rent for any Rental Periods commencing after Lessee shall have been deprived of possession pursuant to this Section 24 shall be reduced by the present value (determined at the Discount Rate) of the non-cancelable, regularly scheduled rentals receivable under a subsequent lease of all or part of the Equipment entered into by Lessor, taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the term of this Lease with respect to each Item of Equipment covered by such subsequent lease;

(d) Lessor may sell the Equipment or any Item of Equipment at public or private sale as Lessor may determine, free and clear of any rights of Lessee, and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for the Equipment or Item(s) so sold for any Rental Period commencing after the date on which such sale occurs), the sum of (i) all unpaid Interim Rent and Basic Rent payable for each Item of Equipment for all Rental Periods through the date on which such sale occurs, plus (ii) an amount equal to the excess, if any, of (x) the Casualty Loss Value of the Item(s) of Equipment so sold, computed as of the Rent Payment Date coincident with or next preceding the date of such sale, over (y) the net proceeds of such sale, plus interest at the rate specified in Section 26 hereof on the amount of such excess from the Rent Payment Date as of which such Casualty Loss Value is computed until the date of actual payment, plus (iii) all unpaid Supplemental Payments due through the date of sale with respect to each Item of Equipment so sold;

(e) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under

subsection (a), (b), (c), or (d) above with respect to any Item(s) of Equipment, Lessor, by written notice to Lessee specifying a payment date, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for any Item(s) of Equipment for any Rental Period commencing after the payment date specified in such notice and in lieu of the exercise by Lessor of its remedies under subsection (c) above in the case of a re-lease of such Item(s) or under subsection (d) above with respect to a sale of such Item(s)), the sum of (i) all unpaid Interim Rent and Basic Rent payable for such Item(s) for all Rental Periods through the payment date specified in such notice, plus (ii) all unpaid Supplemental Payments due with respect to such Item(s) as of the payment date specified in such notice, plus (iii) whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the rate specified in Section 26 hereof from the payment date specified in such notice to the date of actual payment): (x) an amount, with respect to each such Item, equal to the Basic Rent payable for such Item for the remainder of the then current Term, after discounting such Basic Rent payment to present worth as of the payment date specified in such notice at the Discount Rate (hereinafter defined), or (y) an amount, with respect to each such Item, equal to the Casualty Loss Value of such Item computed as of the Rent Payment Date coincident with or next preceding the payment date specified in such notice; provided, however, that with respect to any such Item returned to or repossessed by Lessor, the amount recoverable by Lessor pursuant to the foregoing clause (x) shall be reduced (but not below zero) by an amount equal to the fair market rental value of such Item for such remaining Term after discounting such fair market rental value to present worth at the Discount Rate as of the date on which Lessor has obtained possession of such Item, and the amount recoverable by Lessor pursuant to the foregoing clause (y) shall be reduced (but not below zero) by an amount equal to the fair market sales value of such Item as of the date on which Lessor has obtained possession of such Item; and

(f) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease.

In addition, Lessee shall be liable for all costs and expenses, including attorney's fees, incurred by Lessor or any Assignee by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Equipment in accordance with Section 6 hereof or in placing the Equipment in the condition required by said Section. For the purpose of subsection (e) above, the "fair market rental value" or the "fair market sales value" of any Item of Equipment shall mean such value as has been determined by an independent qualified appraiser selected by Lessor. Except as otherwise

expressly provided above, no remedy referred to in this Section 24 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not constitute the exclusive election of such remedies and shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use the Equipment in mitigation of Lessor's damages as set forth in this Section 24 or which may otherwise limit or modify any of Lessor's rights and remedies in this Section 24. As used herein, the term "Discount Rate" means the prime lending rate of NationsBank of Georgia, N.A., Massachusetts, that is in effect on the payment date specified in any notice given by Lessor to Lessee pursuant to subsection (e) of this Section 24 or on the commencement date of the subsequent lease in calculating the reduction under section (d) of this section 24.

Lessee shall provide Lenders' Agent with notice of any Event of Default (except any default under Section 23(e) of the Lease) and Lender's Agent may, at its option, cure, pursuant to the following sentence, any Event of Default as to which Lender's Agent receives such a notice; provided that Lender's Agent notifies Lessor in writing before the expiry of any applicable cure period of its election to cure such Event of Default (the "Cure Notice"). If such Event of Default shall occur under Section 23(a) of the Lease, Lenders' Agent may, at its option, within ten (10) days of The Cure Notice, make the payment of Rent and/or any Supplemental Payment then due but unpaid under the Lease directly to Lessor provided that Lenders' Agent has not made more than the two (2) preceding payments of Rent that were due but unpaid by Lessee under the Lease directly to Lessor, and provided further, that in no event shall Lenders' Agent make more than a cumulative number of six (6) payments of rent and/or a cumulative number of six (6) payments of Supplemental Payments due but unpaid by Lessee directly to Lessor; and provided further, that Lenders' Agent may, at its sole risk and expense, within ten (10) days of the Cure Notice, cure any other Event of Default for which a cure period is provided in Section 23 hereof and as to which Lender's Agent has received notice from Lessee (except any default under Section 23(e) hereof) so long as such action does not materially impair the Equipment or the rights of Lessor therein. In the event that Lenders' Agent does not cure any such Event of Default within ten (10) days of the Cure Notice, Lessor may proceed to exercise its remedies as provided in this Section without further notice or liability to Lessee or Lenders' Agent.

25. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself, after notice to Lessee, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 26 hereof, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder; provided, however, that no such payment, performance or compliance by Lessor shall be deemed to cure any Event of Default hereunder.

26. Late Charges. Lessee shall pay to Lessor, upon demand, to the extent permitted by applicable law, interest on any installment of Basic Rent or Interim Rent not paid when due, and on any Supplement Payment or other amount payable under this Lease which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period) at a rate equal to the lesser of (a) eighteen percent (18%) per annum, or (b) the maximum rate of interest permitted by law.

27. Further Assurances. Lessee will, and will cause any Sublessee and permitted assigns to, promptly and duly execute and deliver to Lessor and any Assignee such other documents and assurances, including, without limitation, such amendments to this Lease as may be reasonably required by Lessor and by any Assignee (provided, however, that such amendments do not place additional obligations on the Lessee or remove any obligations from the Lessor or Assignees as originally provided herein), and Uniform Commercial Code financing statements and continuation statements, and filings with the Interstate Commerce Commission and Registrar General of Canada, and will take such further action as Lessor or any Assignee may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and of any Assignee and their respective rights, title and interests in and to the Equipment.

28. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing, and any such notice shall be deemed given when personally delivered or when deposited in the United States mails, with proper postage prepaid, return receipt requested, or sent by overnight or express mail addressed (i) if to Lessor or Lessee, at their respective addresses as set forth herein or at such other address as either of them shall, from time to time, designate in writing to the other, and (ii) if to any Assignee, to the address of such Assignee as such Assignee shall designate in writing to Lessor and Lessee. A copy of any notice given to Lender's Agent pursuant to Section 24 shall be addressed as follows:

The First National Bank of Boston  
Transportation Division  
100 Federal Street  
Boston, Massachusetts 02110  
Attention: Michael J. Blake, Director

or such other address as the Lenders' Agent shall have furnished in writing to Lessor.

29. Lessee's Renewal and Purchase Options.

(a) Lessee's Renewal Option. If (i) no Event of Default shall have occurred and be continuing and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option upon written notice to Lessor, as hereinafter provided, to renew this Lease with respect to all, but not less than all, Items of Equipment then subject to this Lease for the Renewal Term(s) specified on the Related Exhibit A for such Item. The first Renewal Term with respect to each such Item of Equipment will commence at the expiration of the Basic Term of such Item, and each succeeding Renewal Term will commence at the expiration of the next preceding Renewal Term. All of the provisions of this Lease shall be applicable during each Renewal Term for each such Item of Equipment, except that, during each Renewal Term, Basic Rent shall be the fair market rental value thereof determined in accordance with Section 29(c) hereof and shall be payable at the times and on the Rent Payment Dates set forth on said Related Exhibit A. If Lessee intends to exercise said renewal option with respect to any of said Renewal Terms, Lessee shall give written notice to Lessor to such effect at least one hundred eighty (180) days prior to the expiration of the Basic Term of the Item(s) of Equipment whose Basic Term first expires hereunder, in the case of the first Renewal Term, and at least one hundred eighty (180) days prior to the expiration of the then current Renewal Term of the Item(s) of Equipment whose Basic Term first expires hereunder in the case of the then next succeeding Renewal Term. If Lessee fails to give such written notice to Lessor with respect to any of said Renewal Terms, it shall be conclusively presumed that Lessee has elected not to exercise said renewal option with respect to said Renewal Term, in which case (unless Lessor has otherwise agreed in writing or Lessee has exercised its purchase option under Section 29(b) hereof) each such Item of Equipment shall be returned to Lessor in accordance with the provisions of Section 6 hereof and until each such Item has been so returned Lessee shall continue to pay Lessor the Basic Rent for each such Item as specified in the next to last sentence of Section 6 hereof. During any Renewal Term, the percentage set forth opposite the last Rent Payment Date during the Basic Term on the Schedule of Casualty Loss Values attached to the Related Exhibit A for an Item of Equipment shall be deemed to be the applicable percentage for purposes of determining the Casualty Loss Value of such Item.

(b) Lessee's Purchase Option. If (i) no Event of Default shall have occurred and be continuing, and (ii) this

Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Lessor, as hereinafter provided, to purchase all, but not less than all, Items of Equipment then subject to this Lease, on the date immediately following the date of the expiration of the Basic Term of each such Item of Equipment or, as the case may be, the expiration of the then Renewal Term of each such Item of Equipment, for an amount, with respect to each Item of Equipment, payable in immediately available funds, equal to the fair market sales value thereof determined in accordance with Section 29(c) hereof, plus any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income taxes attributable to such sale). Lessor's sale of each Item of Equipment shall be on an as-is, where-is basis, without any representation or warranty by or recourse to, Lessor. If Lessee intends to exercise said purchase option, Lessee shall give written notice to Lessor to such effect at least one hundred eighty (180) days prior to the expiration of the Basic Term of the Item(s) of Equipment whose Basic Term first expires hereunder, or, if Lessee has renewed this Lease pursuant to Section 29(a) hereof, then at least one hundred eighty (180) days prior to the expiration of the then current Renewal Term of the Item(s) of Equipment whose Basic Term first expires hereunder. If Lessee fails to give such written notice to Lessor as aforesaid, Lessor shall be entitled to presume that Lessee has elected not to exercise said purchase option, and, unless Lessor otherwise agrees in writing, each such Item of Equipment shall be returned to Lessor in accordance with the provisions of Section 6 hereof. Until each such Item has been so returned to Lessor (or if Lessee has exercised its said purchase option but has failed, for whatever reason, to pay Lessor the purchase option amount on the payment date specified in the first sentence of this Section 29(b) with respect to any Item then until such payment has been made to Lessor), Lessee shall continue to pay Lessor the Basic Rent for each such Item as specified in the next to last sentence of Section 6 hereof.

(c) Determination of Fair Market Sales Value and Fair Market Rental Value; Appraisal Procedure. If Lessee has elected to exercise its renewal option, as provided in Section 29(a) hereof, or has elected to exercise its purchase option, as provided in Section 29(b) hereof, then as soon as practicable following Lessor's receipt of the written notice from Lessee of Lessee's intent to exercise such option, Lessor and Lessee shall consult for the purpose of determining the fair market rental value or fair market sales value, as the case may be, of each Item of Equipment as of the end of the Basic Term thereof, or, if this Lease has been renewed pursuant to Section 29(a) hereof, then as of the end of the then current Renewal Term thereof, and any values agreed upon in writing shall constitute such fair market rental value or fair market sales value of each such Item of Equipment for the purposes of this Section 29. If Lessor and Lessee have not agreed upon such fair market sales value or fair market rental value, as the case may be, of any Item of Equipment by the thirtieth (30th) day before the Basic Term or, if

applicable, the then current Renewal Term, of such Item expires, the same shall be determined at Lessee's cost and expense by averaging the determinations (disregarding the one that differs most from the other two) of three qualified independent appraisers, one appointed by Lessor, the second by Lessee and the third by the first two appraisers or, if such first two appraisers cannot agree on the third appraiser, by a court having jurisdiction, and such determination shall be conclusively binding on Lessor and Lessee. For all purposes of this Section 29, fair market sales value and fair market rental value shall be determined on the basis of, and shall equal in value, the amount which would obtain in an arm's length transaction between an informed and willing buyer-user or lessee (other than a lessee currently in possession and a used equipment or scrap dealer) under no compulsion to buy or lease and an informed and willing seller or lessor under no compulsion to sell or lease, and in such determination, costs of removal from the location of current use shall not be a deduction from such value, and it shall be assumed (whether or not the same be true) that the Equipment has been maintained in accordance with the requirements of Section 11 hereof and would have been returned to Lessor in compliance with the requirements of Section 6 hereof.

30. Financial Information. Lessee agrees to furnish Lessor (a) as soon as available, and in any event within 120 days after the last day of each fiscal year of Lessee, a copy of the consolidated balance sheet of Parent Lessee and its consolidated subsidiaries as of the end of such fiscal year, and related consolidated statements of income and retained earnings of Lessee and its consolidated subsidiaries for such fiscal year, certified by an independent certified public accounting firm of recognized standing, each on a comparative basis with corresponding statements for the prior fiscal year, and a copy of Parent's form 10-K, if any, filed with the Securities and Exchange Commission for such fiscal year; (b) within 45 days after the last day of each fiscal quarter of Parent (except the last such fiscal quarter), a copy of the balance sheet as of the end of such quarter, and statement of income and retained earnings covering the fiscal year to date of Parent and its consolidated subsidiaries, each on a comparative basis with the corresponding period of the prior year, all in reasonable detail and certified by the treasurer or principal financial officer of Parent, together with a copy of Parent's form 10-Q, if any, filed with the Securities and Exchange Commission for such quarterly period; (c) contemporaneously with its transmittal to each stockholder of Parent and to the Securities and Exchange Commission, all such other financial statements and reports as Parent shall send to its stockholders and to the Securities and Exchange Commission; (d) as soon as available to Parent, the notice of any adjustment resulting from any audit of the books and/or records of Parent by any taxing authority having jurisdiction over Parent; and (e) such additional financial information as Lessor may reasonably request concerning Lessee or Parent. In the event that Parent no longer is the owner of a majority of the common stock of Lessee or in the event Lessee becomes obligated to file form 10-K with

the Securities and Exchange Commission, Lessee shall provide the above information with respect to Lessee.

31. Expenses. Lessee agrees, whether or not the transactions contemplated by this Lease are consummated, to pay (or reimburse Lessor for the payment of) all the out-of-pocket expenses incurred by or on behalf of Lessor in connection with the negotiation and documentation of this Lease, all Lease Supplements, any Guaranty and any other instruments and documents related thereto or to the transactions contemplated thereby, including without limitation, the cost of lien searches, filing fees, appraisal fees and fees and expenses relating to the titling and registration of any Item(s) of Equipment incurred by or on behalf of Lessor, the fees and disbursements of Lessor's special Interstate Commerce Commission counsel incurred in connection with the recordation of Lessor's interests therein, and the fees and disbursements of other counsel to Lessor in connection with the foregoing to the extent that the fees and disbursements of such other counsel exceed \$3,000 in the aggregate. Lessee, at its own expense, will cause this Lease and all Lease Supplements, and any amendments or supplements thereto, to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303, with the Registrar General of Canada pursuant to Section 90 of the Railway Act, and in any similar registration system for railroad equipment adopted in Mexico during the Term of this Lease.

32. Federal Bankruptcy Act. Lessee and Lessor hereby acknowledge that this Lease is a "lease" for purposes of Section 1168 of the United States Bankruptcy Code of 1978, as amended (11 U.S.C. § 1168). So long as said Section 1168, or any successor or comparable provision affording protection to lessors of railcars from the automatic stay under the United States Bankruptcy Code (then in effect), is in effect, Lessee hereby agrees that it will not, in connection with any bankruptcy proceedings involving Lessee, take a position in any United States Bankruptcy Court that is inconsistent with Lessor's rights under said Section 1168 or said successor or comparable provision.

33. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision of this Lease prohibited or unenforceable in any respect. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which the enforcement of the amendment, alteration, waiver, discharge

or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and (subject to the restrictions of Sections 14(a) and 14(b) hereof) Lessee. If there is more than one Lessee named herein, the liability of each Lessee shall be joint and several. This Lease, each Lease Supplement and each related instrument, document, agreement and certificate, and those sections of Lessor's commitment letter to Lessee dated September 24, 1992 (a copy of which is attached hereto as Exhibit D and incorporated herein), entitled "Purchase Price" and "Base Lease Term Rental Rate" (including without limitation Exhibit "A" referred to therein), as and to the extent that said sections relate to Post-Conversion Equipment, collectively constitute the complete and exclusive statement of the terms of the agreement between Lessor and Lessee with respect to the acquisition and leasing of the Equipment, and cancel and supersede any and all other prior oral or written understandings with respect thereto. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of Georgia, including all matters of construction, validity and performance.

(this space intentionally left blank)

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

Attest:

NATIONSBANC LEASING CORPORATION  
(Lessor)

\_\_\_\_\_  
Assistant Secretary

(Corporate Seal)

By \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

TENNRAIL CORPORATION  
(Lessee)

*Asst* \_\_\_\_\_  
Secretary

(Corporate Seal)

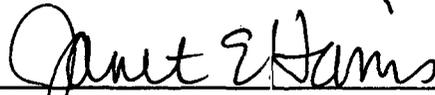
By Mark M. ...  
Title: Chairman of the Board

COUNTERPART NO. 5 OF 10 SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

District of Columbia, ss:

On this 21<sup>st</sup> day of September, 1992, before me personally appeared Mark M. Levin, to me personally known, who being by me duly sworn, says that he is the Chairman of the Board of TennRail Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of said instrument was the free act and deed of said corporation.

(Seal)



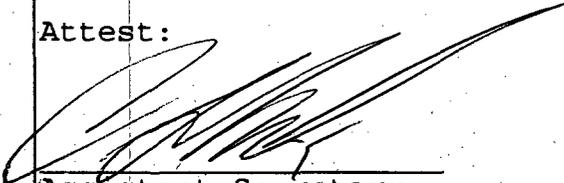
Notary Public

My Commission Expires July 14, 1997

My Commission Expires: \_\_\_\_\_

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

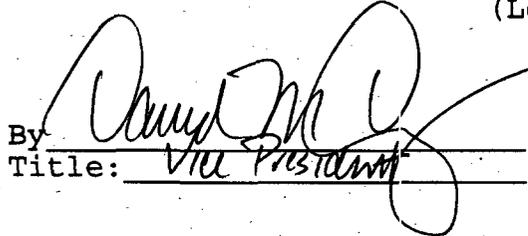
Attest:



Assistant Secretary

(Corporate Seal)

NATIONSBANC LEASING CORPORATION  
(Lessor)



By \_\_\_\_\_  
Title: Vice President

Attest:

Secretary

(Corporate Seal)

TENNRAIL CORPORATION  
(Lessee)

By \_\_\_\_\_  
Title: \_\_\_\_\_

COUNTERPART NO. 5 OF 10 SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF GEORGIA     )  
                              )  
COUNTY OF DEKALB    )     ss:

On this 30th day of September 1992, before me personally appeared David M. Drury, to me personally known, who being by me duly sworn, says that he is the Vice President of NationsBanc Leasing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of said instrument was the free act and deed of said corporation.

Carol J. Jones  
Notary Public

(SEAL)

My Commission expires:  
Notary Public, DeKalb County, Georgia.  
My Commission Expires February 21, 1995.

EXHIBIT A-1 TO EQUIPMENT LEASING AGREEMENT DATED AS OF SEPTEMBER 30, 1992

Type of Equipment: 234 used 70 ton, 50'6" box cars manufactured by Berwick or Pullman, all as more fully described on Schedule A-1 attached hereto and made a part hereof

Maximum Acquisition Cost: \$5,499,000

Acquisition Period: September 30, 1992

Number of Months in Basic Term: One hundred forty-four (144) months

Basic Term Commencement Date: January 4, 1993

Basic Rent Percentage\*: 1.020%

Interim Rent Percentage\*: .034%

Rental Periods for Basic Term: Each full calendar month.

Rent Payment Dates for Basic Term: The fourth day of each calendar month during the Basic Term.

Periodicity of Basic Rent Payments During Basic Term: Monthly in advance on each Rent Payment Date.

Renewal Term(s): Two (2) Renewal Term(s) of twelve (12) months each.

Rental Periods for Renewal Term(s): Each full calendar month.

Rent Payment Dates for Renewal Term(s): The first day of each calendar month during each Renewal Term.

Periodicity of Basic Rent Payments During Renewal Term: Monthly in advance on each Rent Payment Date.

Financial Condition Reference Date: June 30, 1992

\* as a percentage of Acquisition Cost.

TENNRAIL CORPORATION

(Lessee)

By: Mark M. [Signature]  
Title: Chairman & CEO  
Date: 9/30/92

NATIONSBANC LEASING CORPORATION

(Lessor)

By: [Signature]  
Title: Vice President  
Date: September 30, 1992

**SCHEDULE A-1 to Exhibit A-1 to Equipment Leasing Agreement between  
TennRail Corporation, as lessor, and NationsBanc Leasing Corporation,  
as Lessee, dated as of September 30, 1992**

**Description of Pre-Conversion Equipment by Identification Number**

<u>CAR</u>	<u>CAR</u>	<u>CAR</u>	<u>CAR</u>	<u>CAR</u>
WCTR102203	WCTR102286	WCTR102365	WCTR102450	WCTR102773
WCTR102205	WCTR102287	WCTR102366	WCTR102451	WCTR102774
WCTR102206	WCTR102288	WCTR102368	WCTR102452	WCTR102775
WCTR102207	WCTR102290	WCTR102369	WCTR102453	WCTR102776
WCTR102208	WCTR102294	WCTR102370	WCTR102456	WCTR102777
WCTR102210	WCTR102296	WCTR102371	WCTR102459	WCTR102778
WCTR102211	WCTR102297	WCTR102372	WCTR102460	WCTR102779
WCTR102213	WCTR102299	WCTR102374	WCTR102464	WCTR102780
WCTR102214	WCTR102300	WCTR102375	WCTR102467	WCTR102781
WCTR102215	WCTR102302	WCTR102376	WCTR102468	WCTR102782
WCTR102217	WCTR102303	WCTR102378	WCTR102469	WCTR102783
WCTR102218	WCTR102304	WCTR102380	WCTR102470	WCTR102784
WCTR102219	WCTR102305	WCTR102382	WCTR102473	WCTR102785
WCTR102220	WCTR102306	WCTR102385	WCTR102474	WCTR102786
WCTR102222	WCTR102307	WCTR102387	WCTR102475	WCTR102787
WCTR102225	WCTR102308	WCTR102388	WCTR102476	WCTR102788
WCTR102228	WCTR102310	WCTR102389	WCTR102478	WCTR102789
WCTR102229	WCTR102312	WCTR102390	WCTR102479	WCTR102790
WCTR102230	WCTR102315	WCTR102391	WCTR102482	WCTR102792
WCTR102231	WCTR102316	WCTR102394	WCTR102485	WCTR102793
WCTR102233	WCTR102317	WCTR102396	WCTR102486	WCTR102794
WCTR102236	WCTR102318	WCTR102397	WCTR102487	WCTR102795
WCTR102239	WCTR102320	WCTR102399	WCTR102489	WCTR102796
WCTR102240	WCTR102321	WCTR102400	WCTR102490	WCTR102797
WCTR102241	WCTR102322	WCTR102403	WCTR102491	WCTR102798
WCTR102242	WCTR102323	WCTR102405	WCTR102492	WCTR102799
WCTR102243	WCTR102324	WCTR102408	WCTR102493	
WCTR102245	WCTR102325	WCTR102409	WCTR102494	
WCTR102247	WCTR102326	WCTR102410	WCTR102496	
WCTR102253	WCTR102328	WCTR102412	WCTR102498	
WCTR102254	WCTR102329	WCTR102413	WCTR102499	
WCTR102257	WCTR102330	WCTR102414	WCTR102512	
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WCTR102260	WCTR102334	WCTR102417	WCTR102517	
WCTR102263	WCTR102337	WCTR102418	WCTR102531	
WCTR102264	WCTR102338	WCTR102419	WCTR102547	
WCTR102265	WCTR102339	WCTR102422	WCTR102561	
WCTR102266	WCTR102341	WCTR102424	WCTR102567	
WCTR102267	WCTR102342	WCTR102425	WCTR102570	
WCTR102268	WCTR102345	WCTR102426	WCTR102572	
WCTR102269	WCTR102346	WCTR102429	WCTR102581	
WCTR102270	WCTR102347	WCTR102430	WCTR102591	
WCTR102272	WCTR102348	WCTR102431	WCTR102642	
WCTR102273	WCTR102349	WCTR102432	WCTR102644	
WCTR102274	WCTR102350	WCTR102433	WCTR102765	
WCTR102277	WCTR102352	WCTR102434	WCTR102766	
WCTR102278	WCTR102355	WCTR102438	WCTR102767	
WCTR102280	WCTR102357	WCTR102439	WCTR102768	
WCTR102282	WCTR102359	WCTR102440	WCTR102769	
WCTR102283	WCTR102360	WCTR102445	WCTR102770	
WCTR102284	WCTR102361	WCTR102446	WCTR102771	
WCTR102285	WCTR102364	WCTR102447	WCTR102772	

SCHEDULE OF TAX ASSUMPTIONS APPLICABLE  
TO EQUIPMENT DESCRIBED IN EXHIBIT A-1  
TO EQUIPMENT LEASING AGREEMENT

1. Method of Depreciation: 200% declining balance method of depreciation, switching to the straight line method at the point in time that maximizes the depreciation allowance for Lessor.
2. Depreciation Convention: Half-Year convention specified in Section 168(d)(1) of the Code.
3. Classification of Property: 7-year property under Section 168(e)(1) of the Code.
4. Applicable Recovery Period: 7 years under Section 168(c) of the Code.
5. Useful Life: At least 15 years
6. Lessor's Home State Georgia

DM  
Initials of Lessor

\_\_\_\_\_  
Initials of Lessee

SCHEDULE OF CASUALTY LOSS VALUES FOR  
EQUIPMENT DESCRIBED IN EXHIBIT A-1

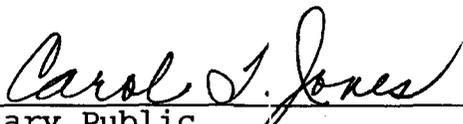
CASUALTY VALUES

DATE	PERCENTAGE OF COST	DATE	PERCENTAGE OF COST	DATE	PERCENTAGE OF COST
JAN93	101.34056	MAY97	85.04271	SEP01	53.77849
FEB93	101.17719	JUN97	84.57505	OCT01	53.04771
MAR93	101.00987	JUL97	84.10169	NOV01	52.30972
APR93	100.83717	AUG97	83.62260	DEC01	51.57289
MAY93	100.66047	SEP97	83.14002	JAN02	50.82882
JUN93	100.47832	OCT97	82.65166	FEB02	50.07747
JUL93	100.29212	NOV97	82.15748	MAR02	49.32132
AUG93	100.10183	DEC97	81.65973	APR02	48.56623
SEP93	99.90603	JAN98	81.15611	MAY02	47.80379
OCT93	99.70609	FEB98	80.64658	JUN02	47.04237
NOV93	99.50199	MAR98	80.13180	JUL02	46.27357
DEC93	99.29230	APR98	79.61333	AUG02	45.49734
JAN94	99.07839	MAY98	79.08887	SEP02	44.72206
FEB94	98.86023	JUN98	78.56067	OCT02	43.93931
MAR94	98.63739	JUL98	78.02641	NOV02	43.14905
APR94	98.40183	AUG98	77.48608	DEC02	42.35966
MAY94	98.16191	SEP98	76.94191	JAN03	41.56272
JUN94	97.90917	OCT98	76.39160	FEB03	40.75819
JUL94	97.65197	NOV98	75.83511	MAR03	39.94857
AUG94	97.39028	DEC98	75.27470	APR03	39.13969
SEP94	97.11565	JAN99	74.70806	MAY03	38.32316
OCT94	96.83643	FEB99	74.13515	JUN03	37.50734
NOV94	96.55259	MAR99	73.55662	JUL03	36.68383
DEC94	96.25569	APR99	72.97404	AUG03	35.85257
JAN95	95.95407	MAY99	72.38510	SEP03	35.02194
FEB95	95.64771	JUN99	71.79204	OCT03	34.18353
MAR95	95.33404	JUL99	71.19256	NOV03	33.33729
APR95	95.01194	AUG99	70.58663	DEC03	32.49160
MAY95	94.68498	SEP99	69.97649	JAN04	31.63803
JUN95	94.34951	OCT99	69.35983	FEB04	30.74631
JUL95	94.00911	NOV99	68.73661	MAR04	29.84917
AUG95	93.66374	DEC99	68.10908	APR04	28.95244
SEP95	93.30976	JAN00	67.47494	MAY04	28.04773
OCT95	92.95074	FEB00	66.83414	JUN04	27.14339
NOV95	92.58663	MAR00	66.18734	JUL04	26.23103
DEC95	92.21382	APR00	65.53915	AUG04	25.31059
JAN96	91.83585	MAY00	64.88423	SEP04	24.39044
FEB96	91.45270	JUN00	64.22788	OCT04	23.46216
MAR96	91.06324	JUL00	63.56475	NOV04	22.52572
APR96	90.66836	AUG00	62.89480	DEC04	20.00000
MAY96	90.26820	SEP00	62.22334		
JUN96	89.86256	OCT00	61.54501		
JUL96	89.45157	NOV00	60.85977		
AUG96	89.03520	DEC00	60.17293		
SEP96	88.61326	JAN01	59.47913		
OCT96	88.18588	FEB01	58.77833		
NOV96	87.75303	MAR01	58.07211		
DEC96	87.31451	APR01	57.36724		
JAN97	86.87046	MAY01	56.65530		
FEB97	86.42085	JUN01	55.94467		
MAR97	85.96558	JUL01	55.22696		
APR97	85.50697	AUG01	54.50210		



STATE OF GEORGIA     )  
                              )  
COUNTY OF DEKALB    )     ss:

On this 30th day of September 1992, before me personally appeared David M. Drury, to me personally known, who being by me duly sworn, says that he is the Vice President of NationsBanc Leasing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of said instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

(SEAL)

My Commission expires:

Notary Public, DeKalb County, Georgia.  
My Commission Expires February 21, 1995.

SCHEDULE OF CASUALTY LOSS VALUES FOR  
EQUIPMENT DESCRIBED IN EXHIBIT A-1

CASUALTY VALUES

DATE	PERCENTAGE OF COST	DATE	PERCENTAGE OF COST	DATE	PERCENTAGE OF COST
JAN93	101.34056	MAY97	85.04271	SEP01	53.77849
FEB93	101.17719	JUN97	84.57505	OCT01	53.04771
MAR93	101.00987	JUL97	84.10169	NOV01	52.30972
APR93	100.83717	AUG97	83.62260	DEC01	51.57289
MAY93	100.66047	SEP97	83.14002	JAN02	50.82882
JUN93	100.47832	OCT97	82.65166	FEB02	50.07747
JUL93	100.29212	NOV97	82.15748	MAR02	49.32132
AUG93	100.10183	DEC97	81.65973	APR02	48.56623
SEP93	99.90603	JAN98	81.15611	MAY02	47.80379
OCT93	99.70609	FEB98	80.64658	JUN02	47.04237
NOV93	99.50199	MAR98	80.13180	JUL02	46.27357
DEC93	99.29230	APR98	79.61333	AUG02	45.49734
JAN94	99.07839	MAY98	79.08887	SEP02	44.72206
FEB94	98.86023	JUN98	78.56067	OCT02	43.93931
MAR94	98.63739	JUL98	78.02641	NOV02	43.14905
APR94	98.40183	AUG98	77.48608	DEC02	42.35966
MAY94	98.16191	SEP98	76.94191	JAN03	41.56272
JUN94	97.90917	OCT98	76.39160	FEB03	40.75819
JUL94	97.65197	NOV98	75.83511	MAR03	39.94857
AUG94	97.39028	DEC98	75.27470	APR03	39.13969
SEP94	97.11565	JAN99	74.70806	MAY03	38.32316
OCT94	96.83643	FEB99	74.13515	JUN03	37.50734
NOV94	96.55259	MAR99	73.55662	JUL03	36.68383
DEC94	96.25569	APR99	72.97404	AUG03	35.85257
JAN95	95.95407	MAY99	72.38510	SEP03	35.02194
FEB95	95.64771	JUN99	71.79204	OCT03	34.18353
MAR95	95.33404	JUL99	71.19256	NOV03	33.33729
APR95	95.01194	AUG99	70.58663	DEC03	32.49160
MAY95	94.68498	SEP99	69.97649	JAN04	31.63803
JUN95	94.34951	OCT99	69.35983	FEB04	30.74631
JUL95	94.00911	NOV99	68.73661	MAR04	29.84917
AUG95	93.66374	DEC99	68.10908	APR04	28.95244
SEP95	93.30976	JAN00	67.47494	MAY04	28.04773
OCT95	92.95074	FEB00	66.83414	JUN04	27.14339
NOV95	92.58663	MAR00	66.18734	JUL04	26.23103
DEC95	92.21382	APR00	65.53915	AUG04	25.31059
JAN96	91.83585	MAY00	64.88423	SEP04	24.39044
FEB96	91.45270	JUN00	64.22788	OCT04	23.46216
MAR96	91.06324	JUL00	63.56475	NOV04	22.52572
APR96	90.66836	AUG00	62.89480	DEC04	20.00000
MAY96	90.26820	SEP00	62.22334		
JUN96	89.86256	OCT00	61.54501		
JUL96	89.45157	NOV00	60.85977		
AUG96	89.03520	DEC00	60.17293		
SEP96	88.61326	JAN01	59.47913		
OCT96	88.18588	FEB01	58.77833		
NOV96	87.75303	MAR01	58.07211		
DEC96	87.31451	APR01	57.36724		
JAN97	86.87046	MAY01	56.65530		
FEB97	86.42085	JUN01	55.94467		
MAR97	85.96558	JUL01	55.22696		
APR97	85.50697	AUG01	54.50210		

EXHIBIT B TO EQUIPMENT LEASING AGREEMENT

LEASE SUPPLEMENT NO. 1

This Lease Supplement is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions of, the Equipment Leasing Agreement dated as of September 30, 1992 and the Related Exhibit A-1 between the undersigned Lessor and Lessee (herein, as amended and supplemented from time to time, called the "Lease"). Lessee hereby (a) acknowledges and certifies that (i) each Item of Equipment described below or on any Schedule attached hereto has been selected by, and delivered to Lessee, (ii) Lessee has reviewed and approved the purchase order, supply contract or purchase agreement covering each such Item, and (iii) that as between Lessor and Lessee, each such Item is of a size, design, capacity and manufacture acceptable to and suitable for Lessee's purposes, has been installed to Lessee's satisfaction, and is in good working order, repair and condition; and (b) unconditionally and irrevocably accepts each such Item for lease under the Lease on the date hereof. Lessor and Lessee hereby agree that each Item of Equipment described below or on any Schedule attached hereto is hereby leased from Lessor to Lessee under and subject to all of the terms, conditions and provisions of the Lease; that the Term of each such Item commences on the date hereof and that such date is the Acceptance Date thereof; and that the Acquisition Cost, Interim Term, Basic Term Commencement Date, Basic Term, Interim Rent, Basic Rent and Related Exhibit A for all Items of Equipment covered by this Lease Supplement is as set forth below. Lessee hereby agrees to pay the Rent for all Items of Equipment covered by this Lease Supplement in the amounts and at the times specified below, reaffirms its acknowledgments and agreements in Section 8 of the Lease and certifies that its representations and warranties set forth in Section 22 of the Lease and in any related certificate delivered to Lessor are true and correct on the date hereof. All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

1. Description of Item(s) of Equipment (include make, model, serial number and quantity):  
234 used 70 ton, 50'6" box cars manufactured by Berwick or Pullman, as more fully described on Schedule A-1 to the Related Exhibit A-1
2. Acquisition Cost: \$5,499,000
3. Interim Term: Commencing on date hereof and ending on January 3, 1993.
4. Basic Term Commencement Date: January 4, 1993.
5. Basic Term: One Hundred forty-four (144) months, commencing on Basic Term Commencement Date and ending on January 3, 2005.
6. Interim Rent for Interim Term: \$ 179,487.36 (plus applicable sales/use tax) and payable on January 4, 1993.
7. Basic Rent payable during Basic Term: \$56,089.80 (plus applicable sales/use tax) payable on each Rent Payment Date in advance during Basic Term, commencing on January 4, 1993.
8. Related Exhibit A: Exhibit A-1 to the Lease.

Dated: September 30, 1992.

COUNTERPART NO. \_\_\_\_\_ OF \_\_\_\_\_  
SERIALLY NUMBERED MANUALLY EXECUTED  
COUNTERPARTS. TO THE EXTENT, IF ANY,  
THAT THIS DOCUMENT CONSTITUTES  
CHATTEL PAPER UNDER THE UNIFORM  
COMMERCIAL CODE, NO SECURITY INTEREST  
IN THIS DOCUMENT MAY BE CREATED  
THROUGH THE TRANSFER AND POSSESSION  
OF ANY COUNTERPART OTHER THAN  
COUNTERPART NO. 1.

NATIONSBANC LEASING CORPORATION

(Lessor)  
By David M. [Signature]  
Title: Vice President

TENNRAIL CORPORATION

(Lessee)  
By \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature]  
Lessor's Initials

[Signature]  
Lessee's Initials



STATE OF GEORGIA     )  
                              )  
COUNTY OF DEKALB    )     ss:

On this 30th day of September 1992, before me personally appeared David M. Drury, to me personally known, who being by me duly sworn, says that he is the Vice President of NationsBanc Leasing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of said instrument was the free act and deed of said corporation.

Carol J. Jones  
Notary Public

(SEAL)

My Commission expires:

Notary Public, DeKalb County, Georgia.  
~~My Commission Expires February 21, 1996.~~

EXHIBIT C  
TO  
EQUIPMENT LEASING AGREEMENT DATED AS OF SEPTEMBER 30, 1992

PERMITTED LIENS

1. All liens created under and pursuant to the Revolving Credit and Term Loan Agreement, dated as of December 31, 1991, as amended by the First Amendment, dated as of September 25, 1992 among TennRail Corporation, MidSouth Corporation, The First National Bank of Boston, Deposit Guaranty National Bank, First Union National Bank of North Carolina and Hibernia National Bank and the security agents and other documents relating thereto.
2. All liens created under and pursuant to the Subordinated Promissory Note dated as of December 31, 1991, executed by TennRail for the benefit of the Corinth and Counce Railroad Company and the security agreements and other documents relating thereto.

EXHIBIT D

# Nations Bank

September 24, 1992

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
111 East Capital Street, Suite 500  
Jackson, MS 39201

Re: Boxcar Leasing

Dear Mr. Levin:

This letter supercedes our letters of September 18, 1992 and September 23, 1992, and all prior communications between us with respect to this subject matter.

Subject to the terms and conditions set forth in this letter, NationsBanc Leasing Corporation ("NationsBanc Leasing" or "Lessor") is pleased to confirm its willingness to extend lease financing to TennRail Corporation (the "Lessee") in an amount not to exceed \$7,018,000.00 (the "Lease Commitment"). Our commitment is subject to the following provisions:

LESSEE: TennRail Corporation  
GUARANTOR: MidSouth Corporation  
EQUIPMENT: Not to exceed Two-Hundred Forty-Two (242) double-door, Plate C boxcars.  
PURCHASE PRICE: Not to exceed \$7,018,000.00\*

\* The Purchase Price is based upon Lessor's acquisition of the Equipment for an amount not to exceed \$5,687,000.00 from Union Tank Car Company (the "Pre-Conversion Equipment"). Such amount shall be subject to third party, independent appraisal, at Lessee's expense, performed by Norman W. Seip & Associates, Management Consultants; 400 French Street, Suite 310; Erie, PA 16507 (the "Appraiser"). Such appraisal will include a "hands-on" inspection of not less than thirty (30) units of Equipment by the Appraiser. In addition, Lessor shall make available to Lessee an additional \$1,331,000.00 of leasing, through September 30, 1994, to provide for certain refurbishments to the Pre-Conversion

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 2 of 8

**PURCHASE PRICE  
CONTINUED:**

Equipment to be of the type and quality acceptable to Lessor (the Pre-Conversion Equipment, following such refurbishment, is hereinafter referred to as the "Post-Conversion Equipment" and the Pre-Conversion Equipment and Post-Conversion Equipment is referred to collectively herein as the "Equipment"). Such refurbishments shall include, but not be limited to a conversion of the Pre-Conversion Equipment to single-door boxcars.

**MINIMUM CONVERSION  
AMOUNT:**

Conversions will be funded after completion upon submission of invoices therefor amounting to at least \$250,000.00 in the aggregate and upon execution of supplements to the lease agreement covering such conversions.

**BASE LEASE TERM  
COMMENCEMENT  
DATE(S):**

January 4, 1993 with respect the Pre-Conversion Equipment; and on the 4th day of any calendar month through and including October 4, 1994, with respect to Post-Conversion Equipment.

**INTERIM LEASE TERM:** From and including the date Lessor funds the purchase price of the Equipment through and including the day preceding the Base Lease Term Commencement Date.

**BASE LEASE TERM:** One-hundred forty-four (144) months from the Base Lease Term Commencement Date, with respect to the Pre-Conversion Equipment (the "Initial Term"); and, with respect to the Post-Conversion Equipment, the Base Lease Term will begin on the Base Lease Term Commencement Date applicable thereto and end at the end of the Initial Term for the Pre-Conversion Equipment that has been so refurbished.

**PAYMENT OF RENT:** Monthly, in advance.

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 3 of 8

**BASE LEASE TERM  
RENTAL RATE:**

With respect to Pre-Conversion Equipment, 1.020% of Equipment cost (including the Purchase Price, any applicable taxes, delivery and other costs). With respect to costs associated with converting Pre-Conversion Equipment to Post-Conversion Equipment, the Base Lease Term Rental Rate shall be established at the time of funding of such conversion costs and will be based upon the applicable Base Lease Term as given in Exhibit "A" attached hereto and made a part hereof.

**INTERIM LEASE TERM  
RENTAL RATE:**

The daily equivalent of the Base Lease Term Rental Rate, computed on the basis of a three-hundred sixty (360) day year of twelve (12) thirty (30) day months.

**TAX BENEFITS:**

The Base Lease Term Rental Rate set forth herein has been computed based on the assumptions that: (i) all tax benefits arising from the ownership of the Equipment will be for the account of Lessor; (ii) the Equipment has a MACRS life of seven (7) years; and (iii) all income/losses from the transaction contemplated herein will be from sources within the United States. Further adjustment to the Lease Term Rental Rate may be required if any of these assumptions is not correct.

**TITLE TO  
EQUIPMENT:**

Union Tank Car Company (the "Vendor") will convey to Lessor, on or prior to the date Lessor funds the Purchase Price of any Equipment, good and marketable title to the Equipment, free and clear of all liens and encumbrances.

**END OF LEASE TERM  
OPTIONS:**

(i) At the end of the Lease Term, Lessee may purchase all, but not less than all, the Equipment for the Equipment's then fair market value, plus applicable taxes; or

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 4 of 8

**END OF LEASE TERM  
OPTIONS CONTINUED:**

(ii) At the end of the Lease Term, Lessee may renew the lease for all, but not less than all, the Equipment at the Equipment's then fair market rental value, plus applicable taxes; or

(iii) At the end of the Lease Term, Lessee may return all, but not less than all, the Equipment to Lessor.

**DOCUMENTATION:**

This commitment is conditioned upon and subject to the negotiation, execution, and delivery of definitive lease financing documents, which shall contain representations, warranties, covenants, conditions to closing, conditions to funding, events of default and such other provisions as NationsBanc Leasing may require, in addition to those expressly set forth in this letter. Lessee shall be required to duly execute and deliver such instruments, documents, certificates, opinions, assurances, and do other acts as NationsBanc Leasing may reasonably request, to effect the purpose of the transaction described in this letter. All proceedings, agreements, instruments, documents, and other matters relating to this transaction shall be satisfactory, in form and substance, to NationsBanc Leasing, NationsBanc Leasing's counsel, Lessee and Guarantor. NationsBanc Leasing's counsel must be satisfied with respect to the legality, validity, binding effect, and enforceability of all instruments, agreements, and documents used to effect and consummate the transaction herein contemplated.

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 5 of 8

**ASSIGNMENT OF  
RENTALS:**

Lessee shall provide to NationsBanc Leasing an assignment of any sublease rentals applicable to the Equipment during the term of the lease contemplated herein. Lessee shall also assign to NationsBanc Leasing as security for Lessee's obligations under the lease documentation, Lessee's rights under an arrangement between Lessee and the Vendor whereby the Vendor guarantees that Lessee will receive at least \$500.00 per month per unit of Pre-Conversion Equipment (net of allowable expenses pursuant to such arrangement) from Lessee's leasing or subleasing of such Pre-Conversion Equipment (the "Guaranteed Rentals"). As a result of such assignment, should Lessee be deemed in default under the lease, NationsBanc Leasing shall be entitled to receive the Guaranteed Rentals from the Vendor. The Vendor must execute an acknowledgement of such assignment.

**TRANSACTION  
COSTS:**

Lessee will pay all out-of-pocket costs and expenses incurred by NationsBanc Leasing in connection with the preparation, execution and delivery of this letter and in connection with the proposed lease financing arrangement promptly upon NationsBanc Leasing's submission of statements to Lessee. These costs will include, but not be limited to, attorneys' fees and expenses, lien search fees, filing fees, and appraisal costs; provided, however, with respect to attorney's fees incurred by Lessor, Lessee shall be responsible only for such fees in excess of \$3,000.00.

**EXCLUSIVE  
UNDERTAKING:**

Lessee agrees that promptly upon its execution of this commitment letter, Lessee will cease discussions and negotiations with all other parties concerning the transaction contemplated herein and shall deal exclusively with NationsBanc Leasing in good faith to conclude the transaction described herein.

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 6 of 8

**COMMITMENT FEE:**

Lessor acknowledges receipt of a fee in the amount of \$15,000.00 from Lessee as consideration for holding the funds available to Lessee. This fee will be applied to the first monthly rental payment due under the lease if the transaction closes as contemplated herein. Should the transaction contemplated herein not close, through no fault of NationsBanc Leasing, the commitment fee shall be considered earned by NationsBanc Leasing and retained by it; provided, however, that in the event NationsBanc Leasing declines to proceed with the transaction contemplated herein as a result of a material adverse change, as discussed on Page 7 hereto, the Commitment Fee will be returned to Lessee, less any out-of-pocket expenses incurred by NationsBanc Leasing in conjunction with the transaction contemplated herein.

**FUNDING INDEMNITY:**

Upon satisfactory execution of all lease documentation and funding of the Pre-Conversion Equipment, the lease shall be irrevocable and binding upon Lessee and Lessee shall indemnify Lessor against any cost, loss (excluding loss of anticipated profits) or expense reasonably sustained, incurred or to be incurred by NationsBanc Leasing as a result of any failure to fulfill any applicable condition of this Lease Commitment on or before the expiration date(s) specified herein for the requested lease financing, including, without limitation, any cost, loss (excluding loss of anticipated profits), cost or expense reasonably sustained, incurred or to be incurred by reason of the liquidation or reemployment of deposits of other funds acquired by Lessor to fund the Lease as part of this Lease Commitment when such Lease, as a result of such failure, is not made by such date(s).

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 7 of 8

**EXPIRATION  
DATE:**

The transaction described herein must close on or before September 30, 1992 with respect to the Pre-Conversion Equipment, or NationsBanc Leasing shall have no further obligation hereunder or under any of the documentation relating to such transaction. With respect to the Post-Conversion Equipment, the transaction described herein must close on or before October 4, 1994.

It is understood that this commitment is subject to NationsBanc Leasing's continuing review of and satisfaction with, in NationsBanc Leasing's sole discretion, the financial and legal condition of Lessee and the viability of the transaction contemplated by this commitment. If such further investigation and analysis by NationsBanc Leasing and its counsel discloses information, or if NationsBanc Leasing otherwise discovers information, which it believes results in or will result in a materially adverse change in the operations, business or financial condition of Lessee, or in the viability of the transaction contemplated by this commitment, NationsBanc Leasing may require that the transaction be modified or restructured or NationsBanc Leasing may terminate the commitment. As a provider of credit, NationsBanc Leasing is the sole judge of what may result in a material adverse change hereunder.

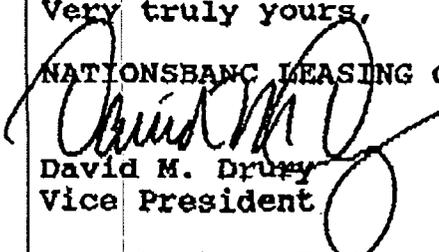
All of the foregoing is intended as a general statement of understanding and not as a definitive contract. The written agreements and related documents which will subsequently be executed between Lessee and NationsBanc Leasing prior to actual funding of any lease will take precedence over and supercede this letter in its entirety and will control all aspects of the lease transaction. This commitment shall terminate at the close of business (5:00 p.m. EDT) September 25, 1992 if formal written acceptance has not been received by NationsBanc Leasing by such date and time.

Mr. Mark M. Levin  
Chairman and Chief Executive Officer  
TennRail Corporation  
September 24, 1992  
Page 8 of 8

We would like to take this opportunity to thank you for allowing us to make this facility available to TennRail Corporation. If you have any questions please do not hesitate to call.

Very truly yours,

NATIONSBANC LEASING CORPORATION

  
David M. Drury  
Vice President

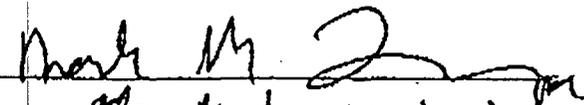
cc: Paul L. Frinse, Senior Vice President  
NationsBanc Leasing Corporation

David L. Royer, Vice President  
NationsBanc Leasing Corporation

Deborah M. Newell, Esq.  
Kirkpatrick & Lockhart

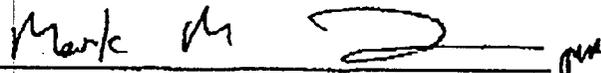
We hereby agree to the terms and conditions listed herein and acknowledge that NationsBanc Leasing will pay Helm Financial Corporation an agreed upon referral fee for bringing this transaction to the attention of NationsBanc Leasing in the event the transaction contemplated herein is consummated.

TENNRAIL CORPORATION

By   
Name Mark M. Levin  
Title Chairman

9-25-92  
Date

MIDSOUTH CORPORATION

By   
Name Mark M. Levin  
Title Chairman

9-25-92  
Date

EXHIBIT A

BASE LEASE TERM RENTAL RATES FOR POST-CONVERSION EQUIPMENT

<u>Base Lease Term</u>	<u>Base Lease Term Rental Rate</u>
144 months	1.04748
143	1.0499
142	1.0523
141	1.0548
140	1.0576
139	1.0601
138	1.0629
137	1.0656
136	1.0682
135	1.0713
134	1.0740
133	1.0767
132	1.1070
131	1.1103
130	1.1136
129	1.1169
128	1.1204
127	1.1238
126	1.1275
125	1.1310
124	1.1346
123	1.1386