

RECORDATION NO. 18180/B FILED 1425

MAR 25 1993 2:45 PM

INTERSTATE COMMERCE COMMISSION

ANNEX C
to Conditional
Sale Agreement

LEASE OF RAILROAD EQUIPMENT

Dated as of March 1, 1993

Between

GEORGIA POWER COMPANY,

as Lessee,

And

**STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT,
NATIONAL ASSOCIATION,**

**not in its individual capacity but solely as trustee
under the Trust Agreement dated as of the date
hereof with Unionbanc Leasing Corporation,**

as Lessor.

**Covering 346 Trinity 116.5-Ton Aluminum Coal Hopper Cars
and 10 Additional Carsets of Fabricated Car Parts**

Certain of the rights and interests of the Lessor under this Lease are subject to a security interest in favor of Morgan Guaranty Trust Company of New York, as Trustee of a Commingled Pension Trust. This Lease has been executed in several counterparts. Only the original counterpart contains the receipt therefor executed by Morgan Guaranty Trust Company of New York, as Trustee of a Commingled Pension Trust, on the signature pages thereof. See Section 25 for information concerning the rights of the holders of the various counterparts hereof.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on March __, 1993, at ____ .m., recordation number _____.

**LEASE OF RAILROAD EQUIPMENT
TABLE OF CONTENTS***

	<u>Page</u>
PARTIES	L-1
PREAMBLES	L-1
SECTION 1. NET LEASE	L-2
SECTION 2. LEASE AND DELIVERY	L-3
2.1. Lease	L-3
2.2. Delivery	L-3
SECTION 3. RENTALS	L-3
3.1. Amount and Date of Payment	L-3
3.2. Payments on Nonbusiness Days	L-5
3.3. Payment in Immediately Available Funds	L-6
3.4. Instructions to Pay Investor and Trustee	L-6
3.5. Prepaid Rent.	L-6
3.6. Sufficiency of Rent	L-7
SECTION 4. TERM OF LEASE	L-7
4.1. Beginning and Termination; Survival	L-7
4.2. Rights and Obligations of Lessee Subject to CSA	L-7
SECTION 5. IDENTIFICATION MARKS	L-8
5.1. Identifying Numbers; Legend; Changes	L-8
5.2. Insignia of Lessee	L-9
SECTION 6. TAXES	L-9
6.1. Indemnification for Nonincome Taxes	L-9
6.2. Claims, Contests; Refunds	L-11
6.3. Reports or Returns	L-12
6.4. Withholding	L-13
6.5. Survival	L-13
SECTION 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE; ECONOMIC OBSOLESCENCE	L-13
7.1. Definition of Casualty Occurrence; Payments	L-13
7.2. Requisition by the United States Government	L-17
7.3. Payments After Expiration of Lease	L-18
7.4. Amount of Lessor's Casualty Value	L-18
7.5. No Release	L-18
7.6. Insurance To Be Maintained	L-18

*This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

7.7.	Insurance Proceeds and Condemnation Payments	L-20
7.8.	Application of Payments During Default	L-21
7.9.	Economic Obsolescence	L-21
SECTION 8. REPORTS		L-24
SECTION 9. DISCLAIMER OF WARRANTIES		L-24
SECTION 10. LAWS AND RULES		L-25
10.1.	Compliance	L-25
10.2.	Reports by Trustee	L-26
SECTION 11. USE AND MAINTENANCE		L-26
11.1.	Use and Maintenance	L-26
11.2.	Additions and Accessions	L-27
SECTION 12. INDEMNIFICATION		L-29
12.1.	Indemnified Persons	L-29
12.2.	Survival	L-31
SECTION 13. DEFAULT		L-32
13.1.	Events of Default; Remedies	L-32
13.2.	Remedies Not Exclusive; Waiver	L-37
13.3.	Failure To Exercise Rights Is Not Waiver	L-37
13.4.	Notice of Default	L-37
SECTION 14. RETURN OF UNITS UPON DEFAULT		L-38
14.1.	Return of Units	L-38
14.2.	Trustee Appointed Agent of Lessee	L-39
14.3.	Per Diem Rental	L-39
14.4.	Casualty Occurrence During Storage	L-40
14.5.	Upon Return	L-40
SECTION 15. ASSIGNMENT, POSSESSION AND USE		L-40
15.1.	Assignment; Consent	L-40
15.2.	Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units	L-40
15.3.	Merger, Acquisition or Consolidation	L-42
SECTION 16. RENEWAL OPTIONS AND PURCHASE OPTIONS		L-43
16.1.	Definitions	L-43
16.2.	Renewal Options	L-44
16.3.	Purchase Options	L-44
SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM		L-45
SECTION 18. RECORDING		L-47
SECTION 19. INTEREST ON OVERDUE RENTALS		L-47

SECTION 20.	TRUSTEE'S RIGHT TO PERFORM FOR THE LESSEE	L-48
SECTION 21.	NOTICES	L-48
SECTION 22.	SEVERABILITY	L-49
SECTION 23.	SUCCESSORS AND ASSIGNS	L-49
SECTION 24.	THIRD PARTY BENEFICIARIES	L-49
SECTION 25.	EXECUTION	L-49
SECTION 26.	LAW GOVERNING	L-50
SECTION 27.	NO RECOURSE AGAINST CERTAIN PERSONS	L-50
SECTION 28.	TERM TRUSTEE	L-50
SECTION 29.	TRUE LEASE	L-50
29.1.	Intent; Title	L-50
29.2.	Granting Clause	L-51
SECTION 30.	ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS RELATING TO ENVIRONMENTAL LAW	L-51
30.1.	Definitions	L-51
30.2.	Representation, Warranties and Covenants	L-53
30.3.	Return	L-54
30.4.	Indemnity	L-54
30.5.	Notice	L-54
30.6.	Survival	L-54
SECTION 31.	SPECIAL PROVISIONS - CARSETS	L-54
SECTION 32.	INCORPORATION BY REFERENCE	L-56
SECTION 33.	EFFECT AND MODIFICATION OF LEASE	L-56
SIGNATURES	L-57
ACKNOWLEDGMENTS	L-58
APPENDIX A	Units of Railroad Equipment	
APPENDIX B	Schedule of Rental Payments	
APPENDIX C	Schedule of Casualty Values and Termination Values	

LEASE OF RAILROAD EQUIPMENT dated as of March 1, 1993 between GEORGIA POWER COMPANY, a Georgia corporation ("Lessee"), and STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as trustee (together with its successors and assigns, "Trustee") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with Unionbanc Leasing Corporation, a California corporation ("Owner").

WHEREAS the Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Trinity Industries, Inc., a Delaware corporation ("Builder"), pursuant to which the Builder has agreed to manufacture, sell and deliver to the Trustee the units of railroad equipment described in Appendix A hereto;

WHEREAS pursuant to an Agreement and Assignment dated as of the date hereof ("CSA Assignment"), the Builder is assigning its interests in the CSA to Morgan Guaranty Trust Company of New York, as Trustee of a Commingled Pension Trust ("Investor"), as the Investor under a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Owner, the Trustee and the Investor (capitalized terms used herein without definition having the meanings specified in the Participation Agreement);

WHEREAS the Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted and settled for under the CSA ("Units") at the rentals and for the terms and upon the conditions hereinafter provided;

WHEREAS the Trustee will assign certain of its rights under this Lease for security to the Investor pursuant to an Assignment of Lease and Agreement dated as of the date hereof ("Lease Assignment"), and the Lessee will acknowledge and consent thereto pursuant to the Consent and Agreement ("Consent") in the form attached to the Lease Assignment;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

SECTION 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all Rent and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, the Lessee shall not be entitled to any abatement of Rent, reduction thereof, recoupment or setoff against Rent or such other amounts, including, but not limited to, abatements, reductions, recoupments or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Trustee or the Owner under this Lease or the CSA including the Lessee's rights (if any) by subrogation thereunder to the Builder or the Investor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any Person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each Rent or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Trustee, the Owner or the Investor for any reason whatsoever. Nothing in this Section 1 shall be construed as a waiver of or shall limit the Lessee's right of action against the Trustee, the Owner or any other Person for damages which arise out of, whether in whole or part, any breach by the Trustee, the Owner or such other Person of any provision of this Lease or any agreement relating hereto.

SECTION 2. LEASE AND DELIVERY

2.1. Lease. Effective on each Closing Date (as defined in Section 4.2 of the CSA), if the conditions set forth in Section 8 of the Participation Agreement (including, without limitation, the execution and delivery of the Certificate of Acceptance referred to in Section 2.2) have been satisfied or waived in accordance therewith, (i) the Trustee shall purchase from the Builder the Units described in the bill or bills of sale delivered by the Builder on such Closing Date, (ii) the Trustee shall be deemed to have tendered delivery of such Units to the Lessee and the Lessee shall be deemed to have accepted delivery thereof, (iii) the Trustee shall lease such Units to the Lessee and the Lessee shall lease such Units from the Trustee under this Lease for the Rent and lease term hereinafter stipulated (subject to the exercise by the Lessee of its renewal option or options as provided herein for one or more renewal terms) and upon the terms and conditions herein set forth.

2.2. Delivery. The Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Trustee. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Trustee under the CSA and on behalf of itself hereunder and execute and deliver to the Trustee a certificate of acceptance ("Certificate of Acceptance") in accordance with the provisions of Section 3.4 of the CSA, stating, among other things, that such Unit has been inspected and accepted on behalf of the Lessee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with Section 5.1 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

SECTION 3. RENTALS

3.1. Amount and Date of Payment. (1) As rental for each Unit subject to this Lease, the Lessee agrees to pay to the Trustee the rental payments in the amounts and on the dates shown in Appendix B hereto. The foregoing rental payments, as the same may be adjusted as provided in this Section 3.1, are herein called "Basic Rents". The Lessee also agrees to pay to the Person entitled thereto (pursuant to the applicable provisions of this Lease or any of the other Documents), promptly on the date when due or, if no due date is specified, on demand, all amounts

constituting "Supplemental Rents". "Supplemental Rents" shall mean Casualty Values, Termination Values, any premium payable with respect to the CSA Indebtedness, indemnities, interest on any overdue installment of rent and other sums due from the due date until paid in full at the Overdue Rate (as defined in Section 4.6 of the CSA), to the extent permitted by applicable law, any insurance premium paid by the Trustee in respect of insurance required to be carried by the Lessee under this Lease, damages for breach of any covenants, representations or warranties of the Lessee under any of its Documents and all other amounts, liabilities and obligations (other than Basic Rent or any periodic rent payable during any Renewal Term) which the Lessee assumes or agrees to pay under this Lease or under any other of its Documents to the Trustee or any other Person. Basic Rents, any periodic rent payable during any Renewal Term, and Supplemental Rents are herein collectively called "Rent".

(2) The Basic Rents and the related Casualty Values and Termination Values set forth in Appendix C hereto have been calculated on the assumptions set forth in Appendix B hereto. If for any reason those assumptions prove to be incorrect, then, such Basic Rents (and the related Casualty Values and Termination Values) payable by the Lessee hereunder in respect of such Units shall be increased or decreased, as the case may be, by such amount as shall cause the Owner's nominal monthly net after-tax economic multiple investment sinking fund yield, total after-tax cash flow and ratio of after-tax cash flow to total investment, otherwise computed on the same pricing bases, including tax rates, as were utilized by the Owner in originally evaluating the transaction with respect to such Units (such yield, cash flow and ratio being hereinafter called "Net Economic Return"), to be approximately equal to but not less than the Net Economic Return that would have been realized by the Owner if such assumptions had proved to be correct. The amount of any such increase or decrease will be calculated by the Owner, and the Owner shall provide a schedule of adjusted Basic Rents, Casualty Values and Termination Values to the Lessee and the Investor promptly after the calculations have been made, together with a certificate of a responsible officer of the Owner to the effect that such calculations were made in good-faith compliance with the terms hereof. If requested by the Lessee, such calculations shall be reviewed by Arthur Andersen & Co. (or such other independent third party upon which the Owner and the Lessee may agree) to determine compliance by the Owner with the foregoing terms, and the determinations made pursuant to such review shall be conclusive and binding on the Owner and the Lessee with respect to any disagreement they may have concerning any such calculations; provided, however, prior to turning over such calculations to Arthur Andersen & Co. or such other third party (either, a "Third Party"), such Third Party shall enter into and

deliver to the Owner an agreement, reasonably satisfactory in form and content to the Owner, regarding the confidentiality of such calculations, and in no event shall the Lessee be informed as to, or have any right to review, any of the calculations or any data used by such Third Party in reaching its conclusion. The cost of such review shall be borne by the Lessee; provided, however, that if the final adjustment to Basic Rents resulting from such review differs, in the aggregate, from the adjustment set out in the calculations provided by the Owner by an amount equal to or greater than 5% of such final adjustment, the cost of such review shall be borne by the Owner.

(3) All such adjustments shall be calculated for all periods from and after the Closing Date, promptly after the occurrence of the event giving rise thereto and shall be effective as of the applicable Closing Date. The final determination of any adjustment hereunder shall be set forth in an amendment to this Lease, executed and delivered by the Trustee and the Lessee and consented to by the Owner; provided, however, that failure to execute and deliver such amendment shall not affect the validity and effectiveness of any such adjustment in accordance with the provisions hereof. In the event that any dispute should arise as to the recalculation of such Basic Rents under Section 3.1(2) (or the related Casualty Values and Termination Values), the Lessee agrees, pending resolution of such dispute, to pay on account of such Basic Rents (or such Casualty Values and Termination Values), on the dates due hereunder, amounts determined pursuant to the calculations provided by the Owner; and, upon resolution of any such dispute as provided in Section 3.1(2), the party owing any amounts to the other as the result of such resolution shall promptly make payment thereof, together with interest thereon at the Overdue Rate (as defined in Section 4.6 of the CSA).

(4) Anything in the foregoing provisions of this Section 3.1 to the contrary notwithstanding, (i) each adjustment made pursuant to this Section 3.1 shall satisfy the requirements of (A) Section 467 of the Internal Revenue Code of 1986, as amended, as in effect on the Closing Date relating to such adjustment (on a prospective basis), and (B) (utilizing the appraisal referred to in Section 8 of the Participation Agreement), on a prospective basis, Rev. Procs. 75-21 and 75-28 as in effect on the Closing Date relating to such adjustment, and F.A.S.B. Statement No. 13 for treatment, in respect of the Owner, as a leveraged lease; and (ii) each such adjustment shall comply with Section 3.6.

3.2. Payments on Nonbusiness Days. If any of the rental payment dates referred to in Section 3.1 or Casualty Payment Dates referred to in Section 7.1 is not a business day, the

payment otherwise payable on such date shall be payable on the next business day, and no interest shall be payable thereon for the period from and after the scheduled date for payment thereof to such next business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Hartford, Connecticut, Boston, Massachusetts, or Atlanta, Georgia are authorized or obligated to remain closed.

3.3. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by Section 3.1 in immediately available funds at or prior to 11:00 a.m. in the city where such payment is to be made.

3.4. Instructions to Pay Investor and Trustee. Notwithstanding Lessee's agreement to pay Basic Rent and Supplemental Rent to the Trustee pursuant to the terms of this Lease, upon the Investor's written direction in accordance with and pursuant to the second paragraph of Section 1 of the Lease Assignment, Lessee agrees to pay such amounts (to the extent constituting "Payments", as defined in the Lease Assignment) to the Investor until instructed by the Investor that no further payments under the Lease are to be made to it. The Investor has agreed to accept any payments made by the Lessee for the account of the Trustee pursuant to this Lease. The Trustee has instructed the Investor to apply such payments, to the extent received, to satisfy the obligations of the Trustee under the CSA then due and payable.

3.5. Prepaid Rent. In addition to its obligations to pay Basic Rents and Supplemental Rents, if and to the extent that on June 30, 1993 the Owner shall fail to pay the Deferred Amount (as defined in the Participation Agreement) or any portion thereof, the Lessee shall prepay, as Rent, to the Trustee, on such date an amount equal to the unpaid portion of the Deferred Amount. For purposes of this paragraph, the sum of (x) any Deferred Amount paid by the Lessee under this Lease plus (y) accrued interest on the unreimbursed portion thereof at a rate equal to the Overdue Rate (as defined in the CSA) from, but excluding, the date such amount is paid to and including the date it is reimbursed, by the Owner or pursuant to the following sentence, shall be referred to as the "Reimbursement Amount." The Lessee shall be entitled to offset, without duplication, against any Rent (other than Rent constituting the Deferred Amount and other than as limited by the proviso to this sentence) due from the Lessee to the Trustee or the Owner under the Documents, until the Lessee has been fully reimbursed for the Reimbursement Amount whether by cash payments, offsets as herein provided or any combination thereof; provided, however, that no such offset or aggregate combined effect of separate offsets shall reduce the amount of any payment of Rent

then due to an amount insufficient to satisfy the requirements of Section 3.6 hereof. Payment of the Deferred Amount made by the Lessee shall be deemed to be a prepayment of Basic Rent made in the order in which installments of such Basic Rent become due.

3.6. Sufficiency of Rent. Notwithstanding any provision to the contrary contained in this Lease or in any other Document, (i) the amount of each Basic Rent payment payable hereunder shall be at least sufficient to pay on each payment date therefor the amount of CSA Indebtedness then required to be paid by the Trustee pursuant to the CSA, (ii) the amount of Casualty Value or Termination Value payable hereunder (together with the amount of Basic Rent, and premium, if any, due hereunder on each respective payment date for which Casualty Value or Termination Value is being calculated), before and after giving effect to any adjustments thereto provided for in this Lease, shall be at least sufficient to pay or redeem in full, as and when due in accordance with the terms thereof, the principal of and all accrued interest constituting the CSA Indebtedness, and (iii) any premium, breakage fees and interest calculated at the Overdue Rate payable with respect to the CSA Indebtedness shall be payable by the Lessee as and when the same shall be due under the CSA, as Supplemental Rent, and each amount of such Supplemental Rent payable hereunder shall, if there shall then be premium, breakage fees or interest calculated at the Overdue Rate payable on or with respect to such CSA Indebtedness, in any event be at least sufficient to pay, in accordance with the CSA, all such payments of premium, breakage fees and all interest calculated at the Overdue Rate then payable on or with respect to the CSA Indebtedness.

SECTION 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the Closing Date in respect of such Unit and, subject to the provisions of Sections 7, 13 and 16 hereof, shall expire on the date on which the final payment of Rent in respect thereof is due and paid pursuant to Section 3.1 hereof. All obligations of the Lessee hereunder shall survive the expiration, cancellation, or other termination of the term of this Lease.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights and obligations of the Investor under the CSA. If an event of default should occur under the CSA, the Investor may terminate this Lease without affecting the indemnities which by the provisions of this Lease

survive the termination of its term (or rescind its termination), all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Investor is entitled to apply the Payments as defined in the Lease Assignment in accordance therewith, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use, sublease and assignment provided under Section 15 hereof. The Trustee covenants that so long as an Event of Default hereunder or an event which, with the passage of time or the giving of notice, or both, would constitute an Event of Default (a "Default") hereunder shall not have occurred and be continuing, neither the Trustee nor anyone authorized by it will interfere in the Lessee's quiet enjoyment or possession of any Unit.

SECTION 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated in writing by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be designated in writing by the Trustee or the Investor as required by law in order to protect the Trustee's title to and the Investor's interest in such Unit and the rights of the Trustee under this Lease and of the Investor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identification number of any Unit unless and until (in each case, at the Lessee's expense) (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Investor and the Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded or deposited and (ii) the Lessee shall have furnished the Investor and the Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Investor's and the Trustee's interests in such Units and no filing, recording, deposit or giving of notice with or to any

other Federal, state or local government or agency thereof is necessary to protect the interests of the Investor and the Trustee in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or any of its affiliates, but the Lessee will not allow the name of any other Person to be placed on any Unit as a designation that might be interpreted as a claim of ownership. At the expiration of this Lease or any extension hereof, the Trustee will promptly remove, at the Lessee's expense, the Lessee's names, initials or other insignia and will not allow the Units to be used or operated without first removing the same.

SECTION 6. TAXES

6.1. Indemnification for Nonincome Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Trustee (in its individual capacity and as Trustee hereunder), the Owner and the Investor and their respective successors, assigns, agents and servants ("Indemnified Persons") harmless on an After-Tax Basis (as defined in Section 12.1 hereof) from, all taxes, assessments, withholdings, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Trustee, the Owner, the Investor, the Lessee or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to any of the Units or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, sale, return or other disposition thereof; the indebtedness with respect thereto; the rentals, receipts or earnings arising therefrom; this Lease, the Participation Agreement, the CSA, the CSA Assignment, the Lease Assignment or any other Document, or any payment made pursuant to any such agreement or otherwise with respect to or in connection with the transactions contemplated by the Documents (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however, with respect to each Indemnified Person: (i) Taxes (however denominated) (other than Taxes in the nature of sales or use taxes or ad valorem taxes) based or imposed on, or measured by, the net or gross income or gross receipts of such Indemnified Person (or franchise taxes imposed on such Indemnified Person to the extent that they are taxes in lieu of net income taxes) by the United States or by any state or political subdivision thereof in which such Indemnified Person's principal place of business is located or in which

such Indemnified Person is subject to net income tax by reason of engaging in business in such jurisdiction (other than the leasing of Units located therein); provided that Taxes of any foreign country or subdivision thereof incurred as a result of the Indemnified Person being taxed by such foreign country or subdivision on its world-wide income without regard to the transactions contemplated by this Lease shall be excluded in all cases, whether or not the Indemnified Person is entitled to a credit against its United States Federal income taxes; (ii) Taxes on any items of tax preference or any minimum tax; (iii) any Taxes imposed as a direct result of a voluntary or involuntary transfer or other disposition by the Trustee, the Owner or the Investor (other than in connection with a transfer to a successor Trustee as permitted pursuant to the Documents or the exercise of any remedy for an Event of Default which shall have occurred and be continuing at the time of such transfer or other disposition, a transfer in connection with a Termination for economic obsolescence pursuant to Section 7.9 of this Lease, or any transfer to the Lessee or its designee) or any transfer or disposition by the Trustee, the Owner or the Investor resulting from bankruptcy or other proceedings for the relief of debtors in which the Trustee, the Owner or the Investor is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease or payments under the CSA; (iv) Taxes imposed by any jurisdiction to the extent that such Taxes would not have been imposed on such Indemnified Person but for activities in such jurisdiction by such Indemnified Person commencing after the Closing Date and unrelated to the transactions contemplated hereby; (v) Taxes to the extent resulting from the willful misconduct or gross negligence of such Indemnified Person; (vi) Taxes in the nature of franchise taxes, value added taxes (other than in the nature of sales or use taxes), capital stock taxes, net worth taxes or taxes on doing business, except to the extent such Taxes are related to or result from the transactions contemplated by the Documents; (vii) Taxes incurred by such Indemnified Person as a result of its own bankruptcy; (viii) any Taxes (other than Taxes in the nature of sales or use taxes) based or imposed on or measured by any fees or compensation received by the Trustee, the Owner or the Investor; (ix) Taxes which are imposed with respect to any period, or with respect to any act, occurring after the termination of this Lease and the return of the Units to the Trustee in accordance herewith; and (x) Taxes for which the Lessee is obligated to indemnify the Owner pursuant to the Indemnity Agreement; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in Section 6.2 hereof. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income, gross income or gross receipts of the Lessee under

the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same in good faith by appropriate proceedings if (i) in the reasonable opinion of the Trustee and the Investor such contest or the nonpayment of such tax would not materially and adversely affect the title, property or rights of the Trustee hereunder or of the Investor under the CSA or (ii) the Lessee provides a bond or other security reasonably satisfactory to the Trustee and the Investor.

6.2. Claims, Contests; Refunds. If claim is made against any Indemnified Person for any Taxes indemnified against under this Section 6, such Indemnified Person shall promptly notify the Lessee in writing (except that such Indemnified Person's failure to provide such written notice shall not impair such Indemnified Person's rights to be indemnified hereunder, except to the extent the Lessee's ability to avoid the liability associated therewith is materially prejudiced by its failure to receive such notice). If reasonably requested by the Lessee in writing, such Indemnified Person shall, upon receipt of any indemnity satisfactory to it for all its reasonable charges for its services rendered in connection therewith and for all costs, expenses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest (or at such Indemnified Person's election and if permitted by law, permit the Lessee to contest in the name of such Indemnified Person) in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. Provided that no Event of Default or Default has occurred and is continuing, the Lessee shall be entitled at its expense to assume control of and responsibility for any contest pursuant to this Section 6.2. Provided that no Event of Default, and no Default specified in Section 13.1(A), (F) or (G) hereof, has occurred and is continuing, the Lessee shall have no responsibility in connection with the settlement or other compromise of any such contest effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Trustee, the Owner or the Investor in any such proceeding or action) unless (i) in the reasonable opinion of the Trustee or the Investor, such contest or the nonpayment of the Taxes would not materially

and adversely affect the title, property or rights of the Trustee hereunder or of the Investor under the CSA or, if there would be such an adverse effect, the Lessee provides a bond or other security reasonably satisfactory to the Trustee and the Investor, and (ii) if the Indemnified Person contests the Tax by making payment thereof and conducting a refund proceeding, the Lessee has advanced to such Indemnified Person as an interest-free loan and with no additional tax cost to such Indemnified Person an amount equal to the Taxes so paid. The Lessee agrees to give the Trustee and the Investor reasonable notice of such contest prior to the commencement thereof. Notwithstanding the foregoing, the Indemnified Person shall not be required to contest, or to continue to contest, the Tax if such Indemnified Person waives its right to indemnification hereunder with respect to the Tax in issue. The Indemnified Person shall reasonably cooperate with the Lessee with respect to any contest pursuant to this Section 6.2 If an Indemnified Person shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon, such Indemnified Person shall pay the Lessee the amount of such refund or interest net of expenses; provided, however, that no such payment shall be required if an Event of Default or Default shall have occurred and be continuing and the amount of such payment shall in no event exceed all amounts previously paid by the Lessee to the appropriate Indemnified Person under this Section 6 reduced by all prior payments by such Indemnified Person to the Lessee pursuant to this sentence. Any disallowance or reduction of such refund subsequent to the year of realization by an Indemnified Person shall be treated as a Tax subject to indemnification pursuant to the provisions of this Section 6.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this Section 6 (except obligations resulting from the last sentence of Section 6.1), the Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns, including exemption certificates or affidavits with respect to any sales or use tax, in such manner as to show the interest of the Trustee and the Investor in the Units as shall be satisfactory to the Trustee and the Investor or, where not so permitted, will notify the Trustee and the Investor of such requirement and will prepare and deliver such reports to the Trustee and the Investor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including reasonable legal and accountants' fees and disbursements) of preparing any such return or report shall be borne by the Lessee.

6.4. Withholding. Notwithstanding anything herein to the contrary, all amounts received by the Investor or the Trustee which are furnished by the Lessee shall be free of withholdings of any nature whatsoever, and in the event that any withholding is required, the Lessee shall pay an additional amount such that the net amount actually received by the Investor or the Trustee (or such other Person entitled to receive such amounts under the Documents) after such withholding will equal the full amount of the payment then due. If the Lessee has paid any such additional amount and the corresponding withholding tax is not indemnifiable by the Lessee pursuant to Section 6.1, the Lessee shall notify the Indemnified Person in writing of the amount of such additional payment and provide the Indemnified Person a receipt or other document appropriately evidencing the payment of such withholding tax. Within thirty (30) days of receipt of such notice and documentation, the Indemnified Person shall repay to the Lessee such additional amount together with interest thereon from the date of the Lessee's payment to the date of repayment at a rate equal to the Debt Rate (as defined in the CSA) during such period.

6.5. Survival. All the obligations of the Lessee under this Section 6 shall survive and continue notwithstanding payment in full of all amounts due under the CSA or the expiration, cancellation or termination of this Lease. Payments due from the Lessee to the Trustee, the Owner or the Investor under this Section 6 shall be made directly to the party indemnified.

SECTION 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE; ECONOMIC OBSOLESCENCE

7.1. Definition of Casualty Occurrence; Payments. Upon delivery of each Unit to the Lessee on the Closing Date with respect thereto, and at all times thereafter and until such Unit is returned to the Trustee, the Lessee agrees to bear the sole risk of any damage to or the destruction or loss with respect to such Unit. In furtherance of and without prejudicing the generality of the foregoing, the Lessee agrees that it shall be solely liable for all Casualty Occurrences and all damage, unreasonable wear and tear, mechanical breakdown, contamination (including, without limitation, Environmental Contamination, as defined in Section 30), and all similar events occurring during such period with respect to the Units. Upon the occurrence of any such event (other than a Casualty Occurrence), the Lessee shall, at its sole cost and expense, repair, refurbish, remediate or take such other appropriate action as may be necessary to cause any Unit suffering such event to be in the condition required by the provisions of this Lease both during the term of this Lease and upon return of the Units to the Trustee.

In the event that with respect to any Unit, during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to Section 14 or Section 17 hereof, (i) such Unit suffers an actual or constructive total loss, (ii) such Unit suffers any destruction, damage, contamination or wear which, in Lessee's good faith opinion (as evidenced by a certificate of the Treasurer or Assistant Treasurer of the Lessee to such effect), makes repair uneconomic or renders such Unit unfit for commercial use by the Lessee and for the purpose for which it was designed, (iii) such Unit is permanently returned to the manufacturer pursuant to any patent indemnity provisions or any other warranty or indemnity provisions, (iv) such Unit is lost, stolen or otherwise disappears, (v) such Unit is taken, condemned, requisitioned or otherwise appropriated for title by any governmental authority pursuant to any power or right it may have or claim to have, (vi) such Unit shall be taken or requisitioned for use (by condemnation or otherwise) by the United States Government, pursuant to any power or authority it may have or claim to have, for a period which shall exceed the then remaining term of this Lease or any renewal term hereof or by any other governmental entity, pursuant to any power or authority it may have or claim to have, resulting in loss of possession by the Lessee for a period of 90 consecutive days or a period extending beyond the term of this Lease or any renewal term hereof or (vii) as a result of any rule, regulation, order or other Applicable Standard or any other action by the United States Government or any agency or instrumentality thereof, the use of such Unit in the normal course of transportation shall have been prohibited for a continuous period of one year or a period extending beyond the term of this Lease or any then existing renewal term hereof (any of the foregoing occurrences, a "Casualty Occurrence"), the Lessee shall within 15 days after the Lessee's responsible officer shall have actual knowledge that such Unit has suffered a Casualty Occurrence notify the Trustee and the Investor with respect thereto. The date of such Casualty Occurrence shall be the date of such loss, damage, condemnation, taking, requisitioning or disappearance, except that for purposes of clause (vi), no Casualty Occurrence shall be deemed to have occurred until (1) with respect to any taking or requisitioning by the United States Government, the earlier of (A) the last day of the then remaining term of this Lease (including any then existing renewal term) and (B) the Lessee's declaration of the occurrence of a Casualty Occurrence at any time following twelve months after such taking or requisitioning, or (2) with respect to any taking or requisitioning by any other governmental entity, the earlier of (A) the last day of the then existing term of this Lease or (B) the ninetieth consecutive day of such taking or requisition, as the case may be. On the semiannual rental payment date next succeeding the Lessee's having such actual knowledge (said such date being hereinafter called a "Casualty

Payment Date"), the Lessee shall pay to the Trustee an amount equal to the Basic Rent payment or payments in respect of any such Unit due and payable on such date plus an amount equal to the Lessor's Casualty Value (as hereinafter defined) of any such Unit as of such Casualty Payment Date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is required to be returned pursuant to Section 14 or Section 17 hereof and the 10 days prior thereto, the Lessee shall make such payment of the Lessor's Casualty Value, and any earnings or rentals accrued pursuant to Section 14 or Section 17 hereof, to the Trustee on a date not later than 30 days after such Casualty Occurrence. So long as no Event of Default or Default has occurred and is then continuing, upon the Trustee's receipt of the full indefeasible amount of such payment by the Lessee in respect of any Unit, the Basic Rent for such Unit shall cease to accrue as of the date of such receipt, the term of this Lease as to such Unit shall terminate and the Lessee shall, without further act or deed, be entitled to ownership and possession of such Unit "AS IS" and "WHERE IS" and otherwise subject to a disclaimer reasonably satisfactory to the Trustee. Notwithstanding the foregoing, if the Casualty Occurrence is a taking or requisition by the United States Government, the Trustee may, by giving written notice to the Lessee and the Investor prior to the Casualty Payment Date, and with the prior written consent of the Investor, waive receipt of the Lessor's Casualty Value, in which event the Basic Rent for the affected Units shall cease to accrue after such Casualty Payment Date, the term of this Lease as to such Units shall terminate and the Lessee shall have no further rights or obligations with respect to such Units.

Notwithstanding the foregoing, with respect to any Casualty Occurrence of the type described in clauses (v) or (vi) of the third sentence of the preceding paragraph, if any such Casualty Occurrence shall be continuing at the end of the original or any renewal term of this Lease with respect to any Unit, the Lessee shall promptly (in no event later than the tenth day after the last day of such original or renewal term, as the case may be) and fully notify the Trustee with respect thereto and pay the Trustee an amount equal to the Lessor's Casualty Value of such Unit as of the end of such term, together with interest thereon from and after the last day of the then existing term of this Lease, to and including the date such amount and all interest accrued thereon is paid in full, at a per annum rate equal to the Debt Rate (assuming a 360 day year, comprised of thirty day months), plus all other Rent and other amounts then due and outstanding to the Trustee. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Lessor's Casualty Value and any balance of such payments shall be the property of the

Trustee. In the event such Unit shall be returned by a government prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Lessor's Casualty Value, then the Units shall be disposed of in the manner provided in Section 7.9(3), and so long as no Event of Default or Default has then occurred or is continuing, the Trustee shall remit to the Lessee that portion of the net proceeds indefeasibly paid to the Trustee pursuant to such disposition in an amount, which when added to the aggregate of the amounts of the condemnation payments theretofore received by the Lessee, shall equal such Lessor's Casualty Value indefeasibly paid by the Lessee to the Trustee in accordance with this paragraph, plus the reasonable out-of-pocket expenses of the disposition (to the extent actually paid by the Lessee), and the balance of such proceeds shall be retained by the Trustee. In the event such Unit shall be returned by a government following the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Lessor's Casualty Value, such Unit shall be returned by the Lessee to the Trustee in the manner provided in Section 17 hereof.

The Lessee hereby agrees that, as soon as practicable after its payment of the Lessor's Casualty Value pursuant to this Section 7.1, as long as the CSA Indebtedness remains outstanding the Lessee will prepare and furnish, or cause to be prepared and furnished, to the Investor a revised Schedule I to the CSA (amortization of the CSA Indebtedness) giving effect to such payment.

Notwithstanding the foregoing provisions of this Section 7.1, so long as no Event of Default or Default has occurred and is continuing, the Lessee shall not be required to make any Casualty Payment in respect of any Unit suffering a Casualty Occurrence ("Casualty Unit") if (i) at least 30 days prior to the Casualty Payment Date, the Lessee shall give written notice to the Trustee and the Investor that the Lessee will transfer to the Trustee for lease hereunder another aluminum hopper car of similar make and model which is, in the reasonable opinion of the Trustee, similar to the Casualty Unit with a Fair Market Sale Value (as defined in Section 16.1 hereof), residual value, remaining useful life and utility at least equal to the Fair Market Sale Value, residual value, remaining useful life and utility of such Casualty Unit, having a coal carrying capacity substantially the same as that of such Casualty Unit (taking into account, among other things, the characteristics of the coal carried by such Casualty Unit) and being in as good condition and repair as such Casualty Unit prior to such Casualty Occurrence, assuming such Unit was in the condition and repair required by the terms hereof immediately prior to such Casualty Occurrence

("Substitute Equipment"); and (ii) prior to the Casualty Payment Date (a) the Lessee shall have transferred to the Trustee, by bill of sale in form reasonably satisfactory to the Trustee, free of all liens, claims and other encumbrances (other than those created by the Documents), such Substitute Equipment, (b) an appropriate supplement to this Lease and the CSA adding such Substitute Equipment shall have been executed by the Lessee, the Trustee and the Investor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited, (c) the Lessee shall have furnished the Trustee an opinion of counsel (reasonably satisfactory to the Trustee) to the effect that (x) the Lessee has the corporate power to deliver such bill of sale and the execution and delivery thereof have been duly authorized, (y) such supplement to this Lease and the CSA have been so duly filed, recorded and deposited, and (z) as to such other matters as the Trustee may reasonably request, and (d) the Lessee shall have delivered to the Trustee all such other documents and certificates as the Trustee may reasonably request in connection with such substitution. The Purchase Price of the Substitute Equipment shall be deemed to be the same as the Purchase Price of the Casualty Unit. Any election to replace a Unit shall constitute a representation of the Lessee to the Trustee and the Owner that no adverse tax consequences will be suffered by the Owner as a result of such replacement; and the Lessee agrees to indemnify the Owner on an After-Tax Basis for any adverse tax consequences resulting from the replacement of any Unit pursuant to this Section 7.1. For all purposes hereof, each such Unit of Substitute Equipment shall, after the conveyance contemplated above, be deemed part of the property leased hereunder and shall be deemed a "Unit" as defined herein. No Casualty Occurrence with respect to a Unit under the circumstances contemplated by the terms of this paragraph shall result in any reduction in Basic Rent or any other amount payable hereunder.

7.2. Requisition by the United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the then remaining term of this Lease (except where deemed a Casualty Occurrence pursuant to Section 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received at any time by the Trustee, the Owner or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee, provided that no Event of Default (or Default) shall have occurred and be continuing; and all payments received at any time by the Trustee, the Owner or the Lessee from the United States Government for the use of such Unit after the term of this Lease or any renewal term thereof shall be paid over to

or retained by the Trustee, except as provided in Section 7.1 hereof.

7.3. Payments After Expiration of Lease. If the date upon which the making of the payment by the Lessee in Section 7.1 hereof in respect of any Unit is required as aforesaid shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no Basic Rent for such Unit shall accrue after the end of such term.

7.4. Amount of Lessor's Casualty Value. The "Lessor's Casualty Value" of each Unit as of the Casualty Payment Date on which payment is made shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Appendix C hereto opposite such Casualty Payment Date.

7.5. No Release. Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder until expiration or earlier termination of this Lease or, if later, such Unit has been returned to the Trustee in accordance with Section 14 or Section 17 (whichever may then be applicable).

7.6. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Trustee, at its own expense, cause to be carried and maintained (i) "all risk" property insurance in respect of the Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal injury, death and property damage, and all Federal Employer's Liability Act claims, and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such self-insurance as is consistent with prudent industry practice but, in any event, at least not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units; provided, however, the Lessee agrees to maintain property insurance at not less than the aggregate Casualty Value for all Units then being leased hereunder. Notwithstanding the foregoing, the Lessee may self-insure, on a per-occurrence basis, up to \$5,000,000 in the aggregate in respect of such public liability insurance and property insurance required to be obtained and maintained at any time during the term of this Lease with respect to all of the Units then under this Lease (such self-insurance amount to be revised by the Lessee with the approval of the Trustee and the Investor, which approval shall not be unreasonably withheld, based upon industry standards at the time); provided, however, that such self-insurance amount

shall not exceed \$1,000,000 in the aggregate during such time as the Lessee shall not have a rating of BBB (or the then equivalent) or better from Standard & Poor's Corporation (or equivalent rating from any other nationally recognized rating agency). The proceeds of any property insurance shall be payable solely to the Investor, so long as the CSA Indebtedness, if any, shall not have been paid in full, and thereafter solely to the Trustee. Any policies of insurance carried in accordance with this paragraph shall (a) require 30 days' prior written notice of cancellation or material change in coverage to the Trustee and the Investor (any such cancellation or change, as applicable, not being effective until the thirtieth (30th) day after the giving of such notice); (b) name each of the Indemnified Persons (collectively, the "Additional Insureds") as additional insureds under the public liability policies and name the Trustee as sole loss payee under the property insurance policies (except that the Investor may direct that the proceeds of such property insurance policies be made payable solely to the Investor under a standard mortgage loss payable clause meeting the further provisions hereof and reasonably satisfactory to the Trustee, in accordance with and pursuant to the second paragraph of Section 1 of the Lease Assignment unless and until the CSA Indebtedness shall have been paid in full, and thereafter such proceeds shall be made payable solely to the Trustee); (c) not require contributions from other policies held by the Additional Insureds; (d) waive any right of subrogation against the Additional Insureds; (e) in respect of any liability of any of the Additional Insureds, except for the insurers' salvage rights in the event of a Casualty Occurrence waive the right of such insurers to set-off, to counterclaim or to any other deduction, whether by attachment or otherwise, to the extent of any monies due the Additional Insureds under such policies; (f) not require that any Additional Insured pay or be liable for any premiums with respect to such insurance covered thereby; (g) be in full force and effect throughout any geographical areas at any time traversed by any Unit; and (h) contain breach of warranty provisions providing that, in respect of the interests of the Additional Insureds in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other Person (other than such Additional Insured) and shall insure the Additional Insureds regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other Person (other than such Additional Insured). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this Section 7, the Lessee shall deliver to the Trustee and the Investor a duplicate original of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this

Section 7; provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof.

(2) In the event that the Lessee shall fail to replace the insurance coverage that is the subject of the above-referenced notice of cancellation or material change on or before the tenth (10th) day next preceding the effective date of such cancellation or change, as the case may be, or in the event the Lessee shall fail to comply with the requirements of the last sentence of Section 7.6(1) with respect to expiring policies, the Trustee may at its option (but without any obligation to do so) obtain the requisite insurance and, in such event, the Lessee shall, upon demand therefor, reimburse the Trustee for the cost thereof together with interest from the date of payment thereof and until the Lessee fully reimburses the Trustee therefor, on the amount of the cost to the Trustee of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in Section 19 hereof.

(3) Each of the Owner and the Trustee may at its own expense carry insurance with respect to its interest in the Units, provided that such insurance does not prevent the Lessee from carrying insurance required by this Section 7.6 or adversely affect such insurance or the cost thereof. Any insurance payments received from policies maintained by the Owner or the Trustee, as the case may be, shall be retained by such Person without reducing or otherwise affecting the Lessee's obligations hereunder.

7.7. Insurance Proceeds and Condemnation Payments. If the Trustee, the Investor or the Lessee shall receive (directly or from the Investor) any insurance proceeds under property insurance required to be maintained by the Lessee hereunder or condemnation payments in respect of Units suffering a Casualty Occurrence, the Trustee or the Investor (as the case may be) shall use such property insurance proceeds or condemnation payments (in either such case, net of any reasonable out-of-pocket expenses incurred by such Person in connection therewith) to reimburse the Lessee for its payment of Casualty Value to the Trustee (to the extent the Lessee shall have already paid the full amount of such Casualty Value and all other Rent then due and owing), and the balance, if any, of such net proceeds or net condemnation payments shall be paid over to, or retained by, if it is from insurance carried by the Lessee, the Lessee or, if it is from any other source (other than insurance maintained by the Trustee, the Owner or the Investor), the Trustee and the Lessee as their respective interests may appear; provided, however,

that, the Lessee shall neither be paid nor entitled to receive or retain any such net proceeds or net condemnation payments, as the case may be, if an Event of Default (or Default) shall have occurred and be continuing or the Lessee shall not have made payment of the Casualty Value thereof, and all other Rent then due and owing in respect of such Units, to the Trustee. All insurance proceeds received by the Trustee (directly or from the Investor) under property insurance required to be maintained by the Lessee hereunder in respect of any Unit not suffering a Casualty Occurrence shall be forthwith paid to the Lessee upon proof reasonably satisfactory to the Trustee that any damage to such Unit in respect of which such proceeds were paid has been fully repaired provided no Event of Default (or Default) shall have occurred and be continuing.

7.8. Application of Payments During Default. Any amount referred to in Section 7.1, 7.2 or 7.7 that is payable to the Lessee shall not be paid to the Lessee if at the time of such payment an Event of Default (or Default) exists but shall be held by the Investor or, if the CSA Indebtedness and other amounts owing under the CSA shall have been paid in full, the Trustee, as security for the obligations of the Lessee under this Lease and the other Documents and at such time as any such Event of Default (or Default) is not continuing, such amount, unless theretofore otherwise applied in exercise of the Trustee's or such other party's remedies hereunder or under the other Documents, shall be paid to the Lessee.

7.9. Economic Obsolescence. (1) The Lessee shall have the right, at its option and on at least 180 days' prior written notice to the Trustee and the Investor, to terminate ("Termination") this Lease as to all Units then subject hereto as of any succeeding rent payment date specified in such notice ("Termination Date"); provided, however, that (i) the Termination Date shall not be earlier than June 30, 1998, (ii) such notice shall be accompanied by a certificate of a responsible officer of the Lessee stating in good faith that the Units are economically obsolete or surplus to the needs of the Lessee, (iii) no Event of Default or Default shall have occurred and be continuing (and without limiting the foregoing, the Lessee shall have made the payment required by either Section 7.9(2) or Section 7.9(3), whichever is then applicable, in accordance with the provisions of such applicable Section), (iv) on the Termination Date such Units shall be in the same condition as if being redelivered pursuant to Section 17 hereof and (v) on the Termination Date the Trustee shall have paid to the Investor a sum sufficient to prepay the CSA Indebtedness (including the applicable prepayment premium, if any, thereon) in accordance with Section 7.2 of the CSA.

(2) If the Lessee shall exercise its option to terminate under Section 7.9(1), the Trustee may, by written notice to the Lessee given within 60 days after the termination notice is given to the Trustee and the Investor, elect to retain the Units then subject to this Lease for its own account or for resale, in which case on the Termination Date (a) the Lessee shall pay to the Trustee an amount equal to the Basic Rent payment due on the Termination Date and any other Rent or other amounts due and payable hereunder or under any of the other Documents on or before the Termination Date, in addition to any applicable premium, and (b) the Trustee shall pay to the Investor a sum sufficient to prepay the CSA Indebtedness (including the applicable premium, if any, thereon) in accordance with Section 7.2 of the CSA.

(3) If the Trustee shall not make the election described in Section 7.9(2), the Lessee shall use its best efforts to obtain bids for the purchase of all Units then subject to this Lease. The Trustee may, but shall not be obligated to, solicit bids for the purchase of all Units then subject to this Lease. The Lessee shall certify to the Trustee the amount of each such bid and the name and address of the party submitting such bid (which shall not be a Person affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Units). The Trustee shall certify the same information to the Lessee with respect to any bids received by the Trustee. The Trustee or the Owner also may, but shall not be obligated to, submit its own bid. If any bid (in addition to any such bid submitted by the Trustee or the Owner or any Person affiliated with the Trustee or the Owner) for all the Units is received during the first 90 days after the receipt of the Lessee's notice, the highest cash bid received by the end of said 90-day period will be accepted and the Units will be sold on the Termination Date for cash. If no bid is received during said 90-day period, the first bid received after said 90-day period but prior to the Termination Date which is acceptable to the Lessee in its sole discretion will be accepted, and the Units will be sold on the Termination Date for cash. Notwithstanding any provision hereof to the contrary, no such bid, whenever received, will be accepted if it contains terms that are inconsistent with the ante-penultimate sentence of this paragraph or are otherwise unacceptable (other than as to price) to either the Trustee or the Owner, in the reasonable discretion of such Person. On the Termination Date (a) the Lessee shall pay to the Trustee (i) an amount equal to the Basic Rent payment due on the Termination Date and any other Rent or other amounts due and payable hereunder or under any of the other Documents on or before the Termination Date, in addition to any applicable premium, and (ii) the excess, if any, of the Termination Value for such Units computed as of such date over (A) the net sales

proceeds of such Units, after the deduction of all expenses incurred in connection with such sale, or (B) if the Trustee or the Owner shall have submitted the highest bid, the amount of such bid, and (b) the Trustee shall pay to the Investor a sum sufficient to prepay the CSA Indebtedness (including the applicable premium, if any, thereon) in accordance with Section 7.2 of the CSA. Upon payment of the purchase price for the Units by the purchaser thereof, the Trustee shall execute and deliver to the purchaser a bill of sale (on an "as-is, where-is" basis and without recourse, representation or warranty of any kind except as hereinafter stated) for the Units such as will transfer to the purchaser such title to the Units as the Trustee derived from the Builder, free and clear of all liens, security interests and other encumbrances created by the Trustee or the Owner that, in either such case, are unrelated to the transactions contemplated in this Lease and any other documents. The Trustee will request the Investor to comply with clauses (a) and (b) of Section 5.2 of the CSA, provided, however, that neither the Trustee nor the Owner shall have any responsibility or liability to any Person to the extent that the Investor fails to so comply with such request. Notwithstanding anything in this Section 7.9(3) or elsewhere to the contrary, the Trustee's obligation to prepay the CSA Indebtedness pursuant to clause (b) of the sentence next preceding the ante-penultimate sentence of this paragraph shall be payable solely out of and to the extent of the net proceeds of the sale consummated on the Termination Date and the amounts payable by the Lessee pursuant to clause (a) of that sentence, to the extent indefeasibly paid to the Trustee on or prior to the Termination Date.

(4) The Lessee's full compliance with this Section 7.9 shall be a condition precedent to the Trustee's consummating the retention pursuant to Section 7.9(2) or the sale pursuant to Section 7.9(3), as the case may be. If no such retention or sale shall occur, this Lease shall continue in full force and effect without change as if the notice of Termination had never been given (unless the Trustee or the Owner shall have submitted the highest bid in accordance with said Section), except that the Lessee shall pay, after receipt of written demand therefor, any and all reasonable out-of-pocket expenses incurred by the other parties to the Documents in connection with the Lessee's attempted Termination.

(5) The Termination Value of each Unit as of the Termination Date shall be that percentage of the Purchase Price of such Unit as is set forth in Appendix C hereto opposite such date, but in no event shall such amount be less than the Termination Value (as defined in Section 7.5 of the CSA) as of such date.

SECTION 8. REPORTS

On or before April 30 in each year, commencing with the calendar year 1994, the Lessee will furnish to the Trustee and the Investor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA, the total number, description and identification numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are to the knowledge of the Lessee then undergoing repairs (other than running repairs) or then withdrawn from use pending repair (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Trustee or the Investor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by Section 5.1 hereof have been preserved or replaced. The Trustee, the Owner and the Investor shall each have the right (but not any obligation), at its sole cost and expense, by its agents or otherwise to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Trustee, the Owner or the Investor may request during the continuance of this Lease.

SECTION 9. DISCLAIMER OF WARRANTIES

THE TRUSTEE LEASES THE UNITS "AS-IS", "WHERE-IS", WITH ALL FAULTS, AND IN WHATEVER CONDITION THEY MAY BE. NEITHER THE TRUSTEE NOR THE OWNER MAKES OR HAS MADE AND NEITHER OF THEM SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, THE MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, AS TO COMPLIANCE WITH SPECIFICATIONS OR APPLICABLE LAW, THE ABSENCE OF LATENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), THE ABSENCE OF INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, if any, as between the Trustee or the Owner and the Lessee, are to be borne by the Lessee; but the Trustee hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Trustee and/or the Lessee, as their

interests may appear, at the Lessee's cost and expense, whatever rights and claims the Trustee may have against the Builder including, but not limited to, any rights and claims arising under the provisions of the CSA; provided, however, the Lessee shall not have any power or authority to act as agent or attorney-in-fact for the Trustee, nor shall the Lessee purport to have same (by implication or otherwise), at any time while an Event of Default or Default has occurred and is continuing. Neither the Trustee nor the Owner shall have any responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein, or any materials (including, without limitation, any substances deemed to be hazardous under applicable law) at any time contained therein or removed or escaping therefrom, or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Trustee that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Trustee, the Owner or the Investor based on any of the foregoing matters; provided, however, that nothing herein shall in any way bar, reduce or defeat any claim that the Lessee may have against the Builder or any other Person (other than the Trustee, the Owner or the Investor); provided, further, that the Trustee hereby represents and warrants to the Lessee that upon delivery to it of any Unit the Trustee shall have received whatever title was conveyed to it by the Builder and that on each Closing Date (as defined in the CSA) the Units being settled for shall be free of any and all liens, charges, security interests or encumbrances created by the Trustee which are unrelated to the transactions contemplated by this Lease or the other Documents.

SECTION 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Trustee, the Owner and the Investor, to comply with all orders, statutes, rules, regulations, directives and other laws and requirements of the United States of America, the States of Georgia, Virginia, West Virginia, Wyoming, and any and all other jurisdictions in which its operations involving the Units may extend, with the Interchange Rules (as defined below) of the Association of American Railroads and with all rules of the

United States Department of Transportation, the Interstate Commerce Commission, the Federal Energy Regulatory Commission, the Federal Railroad Administration, the United States Environmental Protection Agency and any other legislative, executive, administrative, regulatory or judicial body, agency or commission (whether Federal, state, local or otherwise) exercising any power or jurisdiction over the Units or any of the parties to this Lease or the other Documents (with respect to the Units), to the extent that the foregoing affect the title, operation, possession or use of, or any other undertaking with respect to, the Units or are necessary to comply with applicable health, safety or environmental standards (all of the foregoing, the "Applicable Standards"). For the purposes hereof, "Interchange Rules" means all codes, rules, regulations, interpretations, laws and orders governing the hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted within the rail industry as being applicable to the Units, as adopted and in effect from time to time by the Association of American Railroads, or any successor, and in the event that such Applicable Standards require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such Applicable Standards in any reasonable manner if (i) in the reasonable opinion of the Trustee and the Investor, such contest will not materially and adversely affect the property or rights of the Trustee or the Investor under this Lease or under the CSA, respectively, or (ii) the Lessee provides a bond or other security reasonably satisfactory to the Trustee and the Investor, and in either such case, there is no material possibility that the matter being so contested might result in any civil or criminal liability on the part of any of the other parties to this Lease or the other Documents, or involve any risk of loss or forfeiture of any of the Units or any interest therein.

10.2. Reports by Trustee. The Lessee will prepare and deliver to the Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Trustee) any and all reports (other than income tax returns) to be filed by the Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Trustee of the Units or the leasing thereof to the Lessee.

SECTION 11. USE AND MAINTENANCE

11.1. Use and Maintenance. The Lessee shall use the Units only in the manner for which they were designed and intended and

so as to subject them only to ordinary wear and tear. Each Unit will be used by the Lessee to transport coal from mines located outside the State of Georgia (but within the continental United States) to facilities owned or operated by the Lessee in the State of Georgia. The Units will be operated in dedicated unit train service at all times during the term of the Lease, on railroad lines over which Lessee has trackage rights and on railroad lines of other railroads in the usual interchange of traffic or in through or run-through service. Lessee agrees that, at its own cost and expense, it will at all times during the original and any renewal term of this Lease, (i) maintain, improve, service and repair each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease, and comply with its own preventative maintenance schedule which will include testing, repair and overhaul of each Unit, any requirements pertaining to warranties of the Builder or insurance policies maintained by the Lessee pursuant to Section 7 hereof and in all other respects in material compliance with the Builder's bulletins, directives and manuals, so that each Unit will remain (a) in good operating order and condition (ordinary wear and tear excepted), (b) eligible for railroad interchange in accordance with all applicable Interchange Rules, and otherwise in compliance with Section 10.1, (c) in compliance with all of the insurance policies obtained and maintained by the Lessee pursuant to Section 7, and (d) in compliance in all respects with prevailing industry standards; and (ii) maintain all records, logs and other materials required by the Association of American Railroads, the Federal Railroad Administration, the Interstate Commerce Commission or the United States Department of Transportation, or any other governmental authority having jurisdiction over the Units or Lessee or the Trustee (with respect to the Units), to be maintained in respect of such Unit. In no event shall any Unit be maintained with less care or scheduled for maintenance on a basis less frequent than either the maintenance or maintenance scheduling basis employed by the Lessee for similar equipment owned by or operated for or by the Lessee. Without limiting the generality of any other provision of this Lease, the Lessee agrees to be solely liable for, and to pay when due, all tariffs, switching fees and demurrage charges, when and if any or all of the same shall become due and payable in connection with the Units at any time prior to the return of the Units in accordance with the provisions of this Lease.

11.2. Additions and Accessions. (1) In addition to the requirements of Sections 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units and do not materially and adversely

affect the fair market sales or residual value, productive capacity, utility or remaining useful life of the Units, or cause such Units to become "limited use property" within the meaning of Revenue Procedure 76-30, 1976-2 C.B. 647 (or such other successor tax provision), as interpreted as of the applicable delivery date or the time of such addition, modification or improvement of the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee if removed from the Units prior to the time such Units are returned as provided in Sections 14 and 17, except to the extent such additions, modifications or improvements are made as described in Section 11.2(2) hereof; provided, however, that the Lessee shall at all times own and be entitled to remove proprietary equipment (the cost of which was not included in the Purchase Price of such Unit) from any Unit prior to the return of any Unit as long as such equipment is not otherwise required in accordance with the terms of Section 11.2(2) hereof.

(2) Any and all parts installed on and alterations, additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit or were installed or added to such Unit by the Lessee in contravention of its agreements contained in Section 11.2(1) hereof, or (ii) the cost of which is included in the Purchase Price of such Unit, or (iii) in the course of ordinary maintenance of the Units or (iv) which are required to cause the Lessee to comply with Sections 10.1 and 11.1 of this Lease, shall in each such case, constitute accessions to such Unit and full ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by the CSA and the CSA Assignment), shall immediately be vested in the Trustee. In addition to the foregoing, any parts, alterations, additions or replacements which are not removed by the Lessee from any Units prior to the return to or repossession by the Trustee of such Units pursuant to this Lease, shall, at the Trustee's sole option, also constitute an accession to the Unit to which the same may then be attached and full ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by the CSA and the CSA Assignment), shall immediately be vested in the Trustee without further action; provided, that the Trustee may, at its option, remove the same from such Units upon return or repossession, as the case may be, and abandon such removed property to the Lessee at the location at which the Trustee has recovered such Units, which removal and related undertakings shall be at the sole cost and risk of the Lessee, and the Trustee shall not have any further obligations or liability with respect to any such removed property.

(3) If a Unit is to be returned to the Trustee pursuant to any provisions of this Lease, the Lessee shall advise

the Trustee as to the nature and condition of all severable parts (other than proprietary equipment) which Lessee has removed or intends to remove from any Unit in accordance with Section 11.2 (1) above. The Trustee may, at its option, upon 30 days' written notice to Lessee, purchase any or all of such parts from Lessee upon the expiration of the term at the fair market value of such parts.

SECTION 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold each Indemnified Person harmless on an After-Tax Basis (as defined below) from and against any and all liabilities, obligations, damages, costs, expenses, disbursements, causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever (other than Taxes which are described in Section 6 hereof, whether or not indemnified thereunder) which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses, including without limitation reasonable attorneys' fees and expenses of any Indemnified Person, relating thereto) in any way relating to or arising, or alleged to arise, out of this Lease, the CSA, any of the other Documents, or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, modification, inspection prior to acceptance, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, replacement, adaptation, operation, condition, sale, maintenance, inspection, storage, return or other disposition of any Unit or portion thereof or of any other equipment in connection with the Units (whether owned or under the control of the Trustee, the Lessee or any other Person), (ii) any latent and other defects whether or not discoverable by any Indemnified Person, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, negligence or breach of warranties, (v) any injury to or the death of any Person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, manufacture, construction, modification, inspection prior to acceptance, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, replacement, adaptation, operation, condition, sale, maintenance, inspection, storage, return or other disposition of the Units or any portion thereof or of any other equipment in connection with the Units (whether owned or under the control of the Trustee, the Lessee or any other Person) or resulting or alleged to result from the condition of any thereof, (vi) any

violation by the Lessee of any provision of this Lease, any of the other Documents or of any agreement, law, rule, regulation, ordinance or restriction affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, or (vii) each and every Environmental Claim and Environmental Loss (as defined in Section 30) (all of which matters hereinabove set forth in this paragraph being hereinafter called "Indemnified Matters"); provided, however that Indemnified Matters shall not include, with respect to any Indemnified Person, any such liabilities, losses or expenses, etc., (a) resulting from the gross negligence or willful misconduct of such Indemnified Person, (b) resulting from acts or circumstances arising after the later of the expiration of the original and any renewal term of this Lease or the return of the Units in accordance with Section 14 or Section 17, whichever is then applicable, (c) arising from a breach by such Indemnified Person of the rights of use and possession of the Lessee under Section 15 hereof, (d) resulting from a transfer of any interest of such Indemnified Person in the Units or in this Lease (unless such transfer arises as a result of (1) any Event of Default hereunder, or (2) any exercise of the Lessee's right to terminate this Lease pursuant to Section 7.9 or (3) the acquisition of such interest by any other party to the Documents pursuant to the Documents), (e) resulting from any violation of any Federal or state securities or "blue sky" laws by such Indemnified Person, (f) resulting from the breach in any material respect by such Indemnified Person of any representation, warranty or covenant in any of its Documents, (g) constituting Transaction Expenses, to the extent the Lessee is not required to pay the same pursuant to the Participation Agreement, or (h) constituting Taxes described in Section 6 hereof or the indemnities provided for in the Indemnity Agreement. The Lessee shall be obligated under this Section 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same Indemnified Matter under any other agreement by any other Person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this Section 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter, such Indemnified Person shall give prompt written notice thereof to the Lessee (except that such Indemnified Person's failure to provide such written notice shall not impair such Indemnified Person's rights to be indemnified hereunder, except to the extent the Lessee's ability to avoid the liability associated therewith is materially prejudiced by its failure to receive such notice), and the Lessee may and, upon such Indemnified Person's written request, will at the Lessee's expense assume control of and resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee

and reasonably approved by such Indemnified Person (except that at any time after an Event of Default (or Default) has occurred and is continuing, such Indemnified Person shall have the exclusive right (which it may waive at its sole option) to control any such defense and to select the counsel in connection therewith) and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. The Indemnified Person shall reasonably cooperate with the Lessee with respect to any claim, action, suit or proceeding pursuant to this Section 12.1. Provided that no Event of Default, and no Default specified in Section 13.1(A), (F) or (G) hereof, has occurred and is continuing, the Lessee shall have no responsibility in connection with the settlement or other compromise of any Indemnified Matter effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). For purposes of this Lease, if a payment is to be made by the Lessee on an "After-Tax Basis", the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of any taxing jurisdiction, domestic or foreign (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as reasonably determined by the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Trustee each agrees to give the other written notice of any claim or liability hereby indemnified against promptly upon obtaining actual knowledge thereof. Upon the payment in full of any of the indemnities contained in this Section 12 by the Lessee, and provided that no Event of Default (or Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of the Indemnified Matter against which indemnity has been given. Any payments received by such Indemnified Person from any Person (except the Lessee) as the result of any Indemnified Matter with respect to which such Indemnified Person has been fully and indefeasibly indemnified by the Lessee pursuant to this Section 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made to such Indemnified Person. Nothing in this Section 12.1 shall constitute a guarantee by the Lessee of the CSA Indebtedness under the CSA or a guarantee of the residual value of any Unit.

12.2. Survival. The indemnities contained in this Section 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances

occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Section 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

SECTION 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment when due of any amount of Basic Rent, or amounts payable with respect to any Casualty Occurrence, Termination or the exercise of any renewal or purchase option, and such default shall continue for five business days, or a default shall be made in payment when due of any other Supplemental Rent or other amount payable by the Lessee under this Lease or any of the other Documents, and such default shall continue for ten business days;

(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or the right to possession of the Units, or any thereof;

(C) the Lessee shall fail to maintain insurance as required by Section 7.6 hereof or shall fail to return the Units in accordance with Section 17 hereof;

(D) default shall be made in the observance or performance of any other of the covenants, conditions, understandings and agreements on the part of the Lessee contained herein and such default shall continue for 45 days written notice from the Trustee or the Investor to the Lessee specifying the default and demanding that the same be remedied; provided, however, that the continuation of such a default for longer than 45 days after such written notice shall not constitute an Event of Default if (a) such default is capable of being cured but cannot be cured within 45 days; (b) the Lessee is diligently pursuing the cure of such default; (c) such default does not impair in any material respect the Trustee's interest in the Units or the security interest of the Investor created pursuant to the CSA and (d) such default does not, and will not, subject the Trustee,

the Owner or the Investor to any civil or criminal sanction (whether monetary or non-monetary) or have a material adverse effect on the residual value of the Units;

(E) any representation or warranty made by the Lessee herein, in the Participation Agreement, in any other Document or in any certificate or statement furnished in writing to the Trustee or the Investor pursuant to any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

(F) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Participation Agreement, the Indemnity Agreement, and any other Documents to which the Lessee is a party shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligation shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed; or

(G) any other proceeding shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under the Participation Agreement, the Indemnity Agreement, or any other Documents to which the Lessee is a party, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Participation Agreement and the Indemnity Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have

the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

then, in any such case, the Trustee, at its option, may:

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

(b) by notice in writing to the Lessee cancel this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate, but the Lessee shall remain liable under this Lease and the other Documents; or

(c) by its agents, or otherwise, enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized so to permit, where any of the Units may be located, without judicial process, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; and such taking of possession shall constitute an automatic cancellation of this Lease as it applies to those Units taken, without further notice, and such taking of possession shall not prohibit the Trustee from exercising its other remedies hereunder; or

(d) sell, re-lease or otherwise dispose of any or all of the Units, whether or not in the Trustee's possession, in a commercially reasonable manner at public or private sale with notice to the Lessee (the parties agreeing that ten (10) days' prior written notice shall constitute adequate notice of such disposition), with the right of the Trustee to purchase and apply the net proceeds of such disposition, after deducting all costs of such disposition (including but not limited to costs of transportation, possession, storage, refurbishing, advertising and brokers' fees), to the obligations of the Lessee pursuant to this sub-part (d), with the Lessee remaining liable for any deficiency and with any excess being retained by the Trustee; or retain any or all of the Units; and recover from the Lessee

damages, not as a penalty, but herein liquidated for all purposes as follows:

(1) if the Trustee elects to dispose of the Units pursuant to a lease which is substantially similar to this Lease: in an amount equal to the sum of (A) any accrued and unpaid Rent and other sums due and payable by the Lessee under this Lease and the other Documents as of the date of commencement of the term of the new lease (the "Commencement Date"), and (B) the present value as of the Commencement Date of the total Basic Rent for the then remaining term of this Lease minus the present value as of the Commencement Date of the rent under the new lease applicable to that period of the new lease term which is comparable to the then remaining term of this lease, and (C) any incidental damages allowed under Uniform Commercial Code Article 2A - Leases ("Article 2A"), less expenses saved by the Trustee in consequence of the Event of Default ("Incidental Damages");

(2) if the Trustee elects to retain the Units or to dispose of the Units by sale, by release (pursuant to a lease which is not substantially similar to this Lease), or otherwise: in an amount equal to the sum of: (A) any accrued and unpaid Rent and other sums due and payable by the Lessee under this Lease and the other Documents as of the date the Trustee repossesses the Units or such earlier date as the Lessee tenders possession of the Units to the Trustee, (B) the present value as of the date determined under clause (A) of the total Basic Rent for the then remaining term of this Lease minus the present value as of the same date of the "market rent" (as defined in Article 2A) at the place where the Units were located on that date computed for the same lease term, and (C) any Incidental Damages (provided, however, that if the measure of damages provided is inadequate to put the Trustee in as good a position as performance would have, the damages shall be the present value of the profit, including reasonable overhead, the Trustee would have made from full performance by the Lessee, together with any Incidental Damages, due allowance for costs reasonably incurred and due credit for payments or proceeds of disposition);

(3) if the Trustee has not repossessed the Units, or if the Trustee has repossessed the Units or the Lessee has tendered possession of the Units to the Trustee and the Trustee is unable after reasonable effort to dispose of the Units at a reasonable price or the circumstances reasonably indicate that such an effort will be unavailing, in an amount equal to the sum of: (A) accrued and unpaid Rent and other sums due and payable by the Lessee under this Lease and the other Documents as of the date of entry of judgment in favor of the Trustee, (B) the present value as of the date determined under clause (A) of the Basic Rent for the then remaining term of this Lease, and (C) any Incidental Damages. The Trustee may dispose of the Units at any time before collection of a judgment for damages. If the disposition is before the end of the remaining term of this Lease, the Trustee's recovery against the Lessee for damages will be governed by sub-part (d) (1) or (2) (as applicable), and the Trustee will cause an appropriate credit to be provided against any judgment for damages to the extent that the amount of the judgment exceeds the applicable recovery pursuant to sub-part (d) (1) or (2); or

(e) in lieu of the damages specified in sub-part (d), the Trustee may recover from the Lessee the sum of (1) all Rent and other sums due under this Lease and the other Documents as of the date of termination, plus (2) as liquidated damages for loss of a bargain and not as a penalty an amount equal to the excess, if any, of the Casualty Value of the Units as of the Casualty Payment Date on or next preceding the date of termination over the amount the Trustee reasonably estimates to be the sales value of all of the Units at such time as reasonably determined by the Trustee (taking into account any discrepancies between the Lessee's actual return of the Units (including, without limitation, the actual condition of the Units and the time and place of redelivery) and the requirements of Section 14; provided, however, that in the event the Trustee shall have previously sold any Unit in a commercially reasonable manner, the Trustee, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (2) with respect to such Unit, shall demand that the Lessee pay the Trustee and the Lessee

shall pay to the Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the Casualty Payment Date on or next preceding the date of termination, over the net proceeds of such sale.

All amounts to be present valued shall be discounted at a rate equal to the discount rate of the Federal Reserve Bank of Boston in effect on the applicable date. Unless otherwise provided above, a cancellation hereunder shall occur only upon written notice by the Trustee to the Lessee. In addition to any other remedies provided herein or otherwise available to the Trustee at law or equity, the Lessee shall pay to the Trustee and to any assignee of the Trustee's interest under this Lease as Supplemental Rent all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the repossession, return, storage and insuring of any Unit in accordance with the terms hereof or placing such Unit in the condition required hereunder or appraising the value of such Unit, together with interest thereon at the Overdue Rate from the date of the expenditure to the date of payment.

13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Trustee shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or separately from time to time, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset and/or recoupment against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim, which may be asserted by the Lessee or on its behalf.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

13.4. Notice of Default. The Lessee also agrees to furnish the Trustee and the Investor promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default or Default under this Lease

written notice specifying such condition and the nature and status thereof. For the purposes of this Section 13.4, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall be cancelled or terminate pursuant to Section 13 hereof or pursuant to Article 16 of the CSA, the Lessee shall forthwith deliver possession of the Units to the Trustee. Upon being recovered by the Trustee or its designee, each Unit so delivered shall (a) be in the condition required by Section 11.1 hereof, (b) be free and clear of all liens (except liens created by the Trustee that are unrelated to the transactions as contemplated under this Lease and the other Documents), (c) fully comply with all Applicable Standards, including, without limitation, the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction, (d) empty, clean and free of rust, accumulations or deposits from the commodities transported by or otherwise contained in any of the Units, including, without limitation, any Hazardous Substances (as defined in Section 30) (which substances and any Environmental Contamination (as defined in Section 30) caused to or with respect to the Units (to the extent previously existing in, on or near such Units) shall have been previously removed, remediated, transported and otherwise addressed by the Lessee, its designee or any other Person in accordance with all applicable Environmental Laws), (e) free of any markings other than markings pursuant to Section 5, and (f) shall have attached or affixed thereto any parts, alterations or additions and replacements considered an accession thereto as provided in Section 11.2(2). For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) place such Units upon such storage tracks as the Trustee reasonably may designate;

(b) cause such Units to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of or repossessed by the Trustee; and

(c) cause the Units to be moved to the nearest interchange point or points as shall be directed by the Trustee.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store, insure and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Trustee or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Trustee and, if received by the Lessee, shall be promptly turned over to the Trustee.

14.2. Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 14, the Lessee hereby irrevocably appoints the Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

14.3. Per Diem Rental. In addition to the other remedies provided for in this Section 14, or in Section 13, and elsewhere, in the event any Unit shall not be reassembled, redelivered, stored or transported, as the case may be, in the manner provided by this Section 14, the Lessee shall pay to the Trustee, for each day that such undertaking shall not be effected after the cancellation of the term of this Lease, as liquidated damages, and not as a penalty, for the failure of the Lessee to so redeliver the Units in accordance herewith, and in lieu of other monetary compensation to the Trustee for such temporary unavailability, an amount equal to the daily equivalent of the greater of (i) the arithmetic average of the Basic Rent payable with respect to such Unit during the preceding lease term (whether the original or a renewal term, as the case may be), or

(ii) the fair market rental value of such Unit at the expiration of such lease term, as reasonably estimated by the Trustee; provided, however, the provision for such payment shall not be an abrogation of the Trustee's right under this Section 14 to have each Unit returned to it immediately upon the cancellation or expiration of the original or extended term of this Lease with respect to such Unit.

14.4. Casualty Occurrence During Storage. In the event that any Unit shall suffer a Casualty Occurrence after the cancellation of the term of this Lease, the Lessee shall pay to the Trustee the Casualty Value thereof and all such other amounts, as and to the extent provided in Section 7; and the Casualty Value during such period shall be the Casualty Value on the date this Lease was cancelled (but if the same is not a Casualty Payment Date, then as of the next preceding Casualty Payment Date).

14.5. Upon Return. The provisions of this Lease that provide that all or part of the Lessee's obligations terminate upon the return of the Units to the Trustee shall, whether or not expressly so stated, mean upon such return and the expiration of any storage period under this Section 14 or the sixty (60) day storage period provided for in Section 17, whichever then may be applicable.

SECTION 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole by the Trustee to any successor Trustee which may be appointed pursuant to and in accordance with the Trust Agreement. The Lessee hereby consents to the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (i) no Event of Default is continuing hereunder, (ii) the Lessee is complying with the provisions of the Consent, and (iii) the Investor is entitled to apply the Payments in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease (including, without limitation, all its rights under Section 16 hereof) and the CSA; provided, however, the foregoing shall not constitute a warranty, representation or other promise for the benefit of the Lessee or any other Person by the Trustee or any of the other parties to the Documents. WITHOUT THE PRIOR WRITTEN CONSENT OF THE TRUSTEE AND THE INVESTOR, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD, THE LESSEE SHALL NOT ASSIGN OR TRANSFER ITS LEASEHOLD INTEREST UNDER THIS LEASE IN ANY OF THE UNITS OR

SUBLEASE ANY OF THE UNITS, OR ASSIGN, TRANSFER, DELEGATE OR ENCUMBER ANY OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ANY OF THE OTHER DOCUMENTS, EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SECTION 15.2; AND THE LESSEE SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF THE TRUSTEE AND THE INVESTOR, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD, PART WITH THE POSSESSION OR CONTROL OF, OR SUFFER OR ALLOW TO PASS OUT OF ITS POSSESSION OR CONTROL, ANY OF THE UNITS, EXCEPT TO THE EXTENT PERMITTED BY THE PROVISIONS OF PARAGRAPH (2) OF THIS SECTION 15.2. ANY UNPERMITTED ASSIGNMENT, TRANSFER, DELEGATION OR ENCUMBRANCE SHALL, AT THE TRUSTEE'S SOLE OPTION, BE DEEMED VOID AB INITIO. The Lessee, at its own expense, will neither permit, cause nor suffer to exist, and will promptly pay or discharge, any and all liens, charges, security interests or other encumbrances (other than an encumbrance created by the Trustee, the Owner or the Investor or resulting from claims against the Trustee, the Owner or the Investor not related to the ownership of the Units or any sublease permitted by paragraph (2) of this Section 15.2) which may be imposed during the term hereof upon or with respect to any Unit, including any accession thereto, or the interest of the Trustee, the Owner, the Investor or the Lessee therein; except that this covenant will not be breached by reason of taxes, liens, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialman's, mechanic's, workmen's, repairmen's or other like liens arising in the ordinary course of business in each case not delinquent, and furthermore, the Lessee shall be under no obligation to discharge any such lien, charge, security interest or encumbrance so long as it is contesting the same in good faith and by appropriate legal proceedings; and in any such event, (a) the failure to discharge the same does not in the reasonable opinion of the Trustee (i) materially and adversely affect the title, property or rights of the Trustee, the Owner or the Investor under the Documents, (ii) involve any danger of the sale, forfeiture or loss of any Unit or interest therein and (iii) involve any material risk of civil or criminal liability to the Trustee or any other party to the Documents and (b) the Lessee has provided adequate reserves for the payment of such lien, charge, security interest or encumbrance to the extent required by generally accepted accounting principles.

(2) So long as (i) no Event of Default is continuing hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Investor is entitled to apply the Payments in accordance with the Lease Assignment, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate, shall be entitled to permit the use of the Units by connecting and other carriers in the usual interchange of traffic or pursuant to run-through or trip-lease agreements, and shall be entitled (A) to sublease any of

the Units, or to assign any or all of its rights and interests (and delegate any or all of its duties and obligations) under this Lease or other Documents with respect to any of the Units, to any entity of which more than 10% of the voting power represented by its outstanding securities is owned, directly or indirectly, by the Lessee or by The Southern Company (or its successor) and (B) to sublease any of the Units to any other Person or entity for a term not exceeding three years or extending beyond the then-existing term of this Lease (it being understood that, notwithstanding any sublease, assignment or delegation in accordance with the terms of either of the foregoing clauses (A) or (B), as the case may be, the Lessee shall remain primarily liable for performance of its obligations hereunder and under the other Documents, and any such sublease shall be expressly subject and subordinate to this Lease); provided, however, that the Lessee shall not permit the use of any Unit outside the United States of America; and provided, further, that the Lessee shall not sublease, assign or permit any use of any Unit by any Person unless all filings, recordings or deposits (or giving of notices) necessary to protect the rights of the Trustee and the Investor in or to this Lease or the Units shall have been made.

15.3. Merger, Acquisition or Consolidation. Nothing in this Section 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Consent by an appropriate instrument in writing) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provisions of this Lease, and provided, further, that such assignee or transferee shall have a Consolidated Tangible Net Worth upon such effectiveness of not less than that of the Lessee immediately prior thereto. "Consolidated Tangible Net Worth" with respect to any Person as of any date means the excess of (a) the par value (or value stated on its books) of the issued and outstanding capital stock of all classes of stock of such Person and its consolidated subsidiaries (if any) plus (or minus in the case of a capital deficit) the amount of capital surplus and retained earnings of such Person and its consolidated subsidiaries (if any) at such date over (b) the amount of any treasury stock of such Person and its consolidated subsidiaries (if any) plus the sum of unamortized debt discount and expenses, deferred charges and other intangible assets (including

franchises, trademarks and goodwill) of such Person and its consolidated subsidiaries (if any) as of such date.

SECTION 16. RENEWAL OPTIONS AND PURCHASE OPTIONS

16.1. Definitions. The following terms shall have the following meanings for all purposes of this Section 16 and such meanings are equally applicable both to the singular and plural forms of the terms defined.

"Appraisal Procedure" shall mean the following procedure: If the parties are unable to agree on a Fair Market Rental Value or a Fair Market Sale Value, as the case may be, within 30 days of Lessee's written notice to the Trustee and the Owner setting forth Lessee's proposal for the rental or purchase price, the Lessee will provide the Trustee and the Owner the name of an appraiser that would be satisfactory to Lessee, and the Trustee, or (at its option) the Owner, and Lessee will consult with the intent of selecting a mutually acceptable appraiser. If a mutually acceptable appraiser is selected, the Lessee shall bear the cost thereof. If the Lessee and Trustee or Owner (as applicable) are unable to agree upon a single appraiser within 15 days, the Trustee or Owner (as applicable) will retain an appraiser within 15 days and the appraiser set forth in Lessee's written notice and the appraiser retained by the Trustee or Owner (as applicable) shall select a consensus appraiser within 30 days. If the appraisers cannot agree on a consensus appraiser within such 30 days, the Fair Market Rental Value or Fair Market Sale Value, as the case may be, shall be determined by binding arbitration pursuant to the rules of the American Arbitration Association and the cost of such determination shall be borne equally by the Lessee and the Trustee, except that the Lessee shall bear the cost of the appraiser named in Lessee's notice and the Trustee or Owner (as applicable) shall bear the cost of the appraiser selected by the Trustee or Owner (as applicable). If the parties are able to agree upon a single appraiser, or the two appraisers are able to agree upon a consensus appraiser, the single appraiser or the three appraisers, as the case may be, shall within 60 days make a determination of such Fair Market Rental Value or Fair Market Sale Value, as the case may be. If there shall be a panel of three appraisers, the appraisal which differs most from the other two appraisals shall be excluded and the remaining two determinations shall be averaged and such average shall constitute the Fair Market Rental Value or Fair Market Sale Value, as appropriate. If there shall be a panel of three appraisers, the Lessee shall bear the cost of the appraiser named in Lessee's notice, the Trustee or Owner (as applicable) shall bear the cost of the appraiser selected by the Trustee or Owner (as applicable), and the Lessee and Trustee or Owner (as

applicable) shall equally share the cost of the consensus appraiser.

"Basic Term" shall mean the period commencing with the commencement of the lease term and continuing until June 30, 2015.

"Fair Market Rental Renewal Term" shall mean the period commencing at the end of the Basic Term or any Fair Market Rental Renewal Term, as the case may be, and ending on the date chosen by the Lessee pursuant to Section 16.2, during which the Units may be leased for Fair Market Rental Value as permitted by this Lease.

"Fair Market Rental Value" or "Fair Market Sale Value" of any applicable Unit as of any date shall mean the cash rent or cash price obtainable in an arm's-length lease or sale, respectively, between an informed and willing lessee or buyer (under no compulsion to lease or purchase) and an informed and willing lessor or seller (under no compulsion to lease or sell) of the applicable Unit, assuming such Unit was returned in the condition required by Section 17 on the applicable date.

16.2. Renewal Options. Unless an Event of Default shall have occurred and be continuing at the time of the giving by Lessee of written notice of Lessee's election to renew this Lease or at the end of the current term of this Lease, Lessee shall have the right to renew this Lease with respect to all of the Units then subject to this Lease for one period of whole years totaling not more than four years. Such written notice shall be given to the Trustee not less than 180 days prior to the end of the then current term of this Lease and the timely delivery of such notice shall constitute a condition precedent to the Lessee's right to renew this Lease. The rental payable during each extended term shall be payable semiannually on the anniversaries of the payment dates of the preceding term of this Lease in each year of such extended term and shall be in an amount equal to the Fair Market Rental Value which, if the Trustee and the Lessee are unable to agree upon, shall be determined by the Appraisal Procedure.

16.3. Purchase Options. (a) Unless an Event of Default shall have occurred and be continuing at the time of the giving by the Lessee of written notice of its election or at the end of the current term of this Lease, the Lessee shall have the right upon not less than 180 days' prior written notice of Lessee's election to purchase all of the Units then subject to this Lease on the date of expiration of the Basic Term or any Fair Market Rental Renewal Term, at a purchase price equal to the Fair Market Sale Value of such Units on such expiration date.

(b) Lessee shall pay the applicable aforesaid purchase price to the Trustee on the applicable purchase date, and shall pay all other Rent and other amounts owing under this Lease and the other Documents to the Persons to which such payments are to be made pursuant to this Lease or the other Documents (including, without limitation, all Taxes payable in connection with this purchase), whereupon the Trustee shall simultaneously transfer or arrange for transfer of all of its right, title and interest in and to such Units free and clear of any claims, liens, charges or security interests, to the extent created by the Trustee or the Owner and unrelated to the transactions contemplated in this Lease and the other Documents, to the Lessee by bill of sale reasonably satisfactory to the Lessee and the Trustee and this Lease shall terminate with respect to the Units so purchased, except with respect to any obligations that are intended to survive such termination. The Trustee will request the Investor to comply with clauses (a) and (b) of Section 5.2 of the CSA; provided, however, that neither the Trustee nor the Owner shall have any responsibility or liability to any Person to the extent the Investor fails to so comply with such request.

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit and in any event not later than 10 days thereafter, the Lessee will, at its own cost and expense, assemble and deliver possession of such Unit to the Trustee upon such storage tracks as the Trustee may reasonably designate in writing at least 90 days prior to such expiration (but in no event at more than three locations), or, in the absence of such designation, as the Lessee may select, and permit the Trustee to store such Unit on such tracks for a period not exceeding 60 days, the movement and storage of such Units to be at the expense and risk of the Lessee whereupon the Lessee shall have no further liability or obligation with respect to such Units; provided, however, that upon the written request of the Trustee, the Lessee shall permit the Trustee to store such Units upon such tracks for an additional period not exceeding 30 days, such storage to be at the expense and risk of the Trustee, provided, that such expense will not exceed the Lessee's incremental cost to provide the same to the Trustee. The Lessee shall not be obligated to move any such Unit more than once at the request of the Trustee. During any such storage period the Lessee will permit the Trustee or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence or willful

misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Trustee or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Trustee pursuant to this Section 17 shall (a) be in the condition required by Section 11.1 hereof, (b) be free and clear of all liens (except liens created by the Trustee or the Owner that are unrelated to the transactions as contemplated under this Lease and the other Documents), (c) fully comply with all Applicable Standards, including, without limitation, the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction, (d) empty, clean and free of rust, accumulations or deposits from the commodities transported by or otherwise contained in any of the Units, including, without limitation, any Hazardous Substances (as defined in Section 30) (which substances and any Environmental Contamination (as defined in Section 30) caused to or with respect to the Units (to the extent previously existing in, on or near such Units) shall have been previously removed, remediated, transported and otherwise addressed by the Lessee, its designee or any other Person in accordance with all applicable Environmental Laws), (e) free of any markings other than markings pursuant to Section 5, and (f) shall have attached or affixed thereto any parts, alterations or additions and replacements considered an accession thereto as provided in Section 11.2(2). During any such storage period the Lessee shall (a) maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances and (b) maintain insurance with respect to the stored Units against the same risks and in the same amounts as was being carried by the Lessee with respect thereto at the expiration of the term of this Lease, and, in any event, in accordance with Section 7. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. In the event any Unit is not assembled, delivered and stored as hereinabove provided as a result of an action or inaction on the part of the Lessee, within 10 days after such termination, the Lessee shall pay to the Trustee, for each day thereafter as liquidated damages, and not as a penalty, for the failure of the Lessee to return the Unit to the Trustee at the expiration of this Lease as required by the provisions of this Section 17, a per diem amount equal to the greater of (i) the fair market rental for such Unit at the time of such expiration, or (ii) the arithmetic average of the Basic Rent payable with respect to such

Units during the then-expiring original or renewal lease term, as applicable; provided, however, at all times from and after the termination or expiration date, and until the Lessee has fully complied with the storage provisions herein, the Lessee shall remain fully liable for, and fully comply with, all of its obligations under this Lease and under the other Documents, to the same extent as if this Lease had not expired. The provision for such payment shall not be in abrogation of the Trustee's right under this Section 17 to have each Unit returned to it within 10 days after the expiration of the original or extended term of this Lease with respect to such Unit.

SECTION 18. RECORDING

At the Lessee's sole cost and expense (except as otherwise provided in the Participation Agreement), the Lessee will (i) cause this Lease, the CSA, the CSA Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303; (ii) from time to time do and perform any other act and execute, acknowledge, deliver, file, register, record (and refile, reregister, deposit and redeposit or rerecord whenever required) any and all continuation statements and further instruments reasonably requested in writing by the Trustee, the Owner or the Investor for the purpose of proper protection, to their satisfaction, of the Investor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Lease Assignment, the CSA and the CSA Assignment; and (iii) promptly furnish to the Investor and the Trustee evidence of all such filing, registering, depositing or recording. This Lease, the Lease Assignment, the CSA and the CSA Assignment shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

SECTION 19. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment by the Lessee of Rent and other obligations due hereunder or under any of the other Documents on the date and by the hour required hereby or thereby, as the case may be, shall result, without notice or any other action, in the obligation on the part of the Lessee promptly to pay an amount of interest at a rate equal to the Overdue Rate (as defined in Section 4.6 of the CSA) on the overdue Rent and other obligations for the period of time during which they are overdue, or, if less, the highest rate permitted by applicable law. Without prejudicing the generality of the foregoing, in the event Lessee makes any payment which otherwise complies with Section 3.3 and the other provisions of

this Lease, but is received by the Trustee on the due date thereof after 11:00 a.m. Eastern Time, Lessee shall be responsible for and shall pay to the Trustee interest on such amount at the Overdue Rate accruing from and after such date of receipt, to and including the next succeeding business day.

SECTION 20. TRUSTEE'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Trustee may (but shall not be obligated to do so) upon written notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Trustee incurred in connection with such performance or compliance, together with interest on such amount at the Overdue Rate, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Trustee shall be deemed a waiver of the rights and remedies of the Trustee or any assignee of the Trustee against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

SECTION 21. NOTICES

Any notice required or permitted hereunder shall be in writing and shall become effective when received by the addressee on the date of actual receipt (if such date is a business day, otherwise on the next business day), if transmitted by certified first class mail (return receipt requested), postage prepaid, by overnight courier service, by telecopy or similar transmission, or by hand, addressed as follows:

(a) if to the Trustee, at 750 Main Street, Suite 1114, Hartford, Connecticut 06103,

(b) if to the Lessee, at 333 Piedmont Avenue, Atlanta, Georgia 30308, Attention: Treasurer, with copies to Southern Company Services, Inc., 800 Shades Creek Parkway, Birmingham, Alabama 35209, Attention: Fuel Services (Contract Services) Department, and to Southern Company Services, Inc., 64 Perimeter Center East, Atlanta, Georgia 30346, Attention: Director, Corporate Finance Department,

or addressed to any party at such other address provided for such party in the Participation Agreement or as such party shall hereafter furnish to the other parties in writing.

SECTION 22. SEVERABILITY

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

SECTION 23. SUCCESSORS AND ASSIGNS

Subject always to the provisions of Section 15 and the other Documents, this Lease inures to the benefit of, and is binding upon, the successors and assigns of the parties hereto and the other Beneficiaries.

SECTION 24. THIRD PARTY BENEFICIARIES

Whether or not expressly provided herein, all of the representations, warranties, indemnities and other agreements made herein by the Lessee are being made for the benefit of the Trustee, the Owner, the Investor, and any other parties constituting Indemnified Persons, Additional Insureds, and each of their respective successors and permitted assigns (collectively, the "Beneficiaries"). Nothing in this Lease shall be deemed to create any right in any Person not a party hereto (other than the Beneficiaries) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

SECTION 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to, and containing the receipt therefor executed by, the Investor pursuant to the Lease Assignment shall be deemed to be the sole original, constituting the chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) original of this Lease and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated and effective as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Georgia; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

SECTION 27. NO RECOURSE AGAINST CERTAIN PERSONS

No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or of the Owner or the Investor whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

SECTION 28. TERM TRUSTEE

Whenever the term "Trustee" is used in this Lease it shall apply and refer to the Trustee and any permitted successor and permitted assignee of the Trustee (provided, so long as any CSA Indebtedness under the CSA or interest therein shall remain unpaid or any other obligation thereunder be continuing, the assignment to the Investor shall be as set forth in the Lease Assignment).

SECTION 29. TRUE LEASE

29.1. Intent; Title. It is the express intent of the parties that this agreement constitute a true lease and not a sale of the Units. Title to the Units shall at all times remain in the Trustee, and Lessee shall acquire no ownership, title, property, right, equity, or interest in the Units other than its leasehold interest solely as Lessee subject to all the terms and conditions hereof. The parties agree that this Lease is a "Finance Lease" as defined in Article 2A. Lessee acknowledges: (1) that Lessee has selected the "Supplier" (as defined in Article 2A) and directed the Trustee to purchase the Units from the Supplier; and (2) that the Lessee has been informed in writing in this Lease, before signing this Lease, that the Lessee is entitled under Article 2A to the promises and warranties,

including those of any third party, provided to the Trustee by the Supplier in connection with or as part of the contract by which the Trustee acquired the Units, and that the Lessee may communicate with the Supplier and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies. To the extent permitted by applicable law, the Lessee hereby waives any and all rights and remedies conferred upon a lessee in Article 2A and any rights now or hereafter conferred by statute or otherwise which may limit or modify any of Trustee's rights or remedies under Section 13 or elsewhere in this Lease; provided; however, that such waiver shall not preclude the Lessee from asserting any claim of the Lessee against the Trustee in a separate cause of action; and provided further that such waiver shall not affect the Trustee's obligation of good faith, diligence, reasonableness and care.

29.2. Granting Clause. Notwithstanding the express intent of the parties, should a court of competent jurisdiction determine that this Lease is not a true lease, but rather one intended as security, then solely in that event and for the expressly limited purposes thereof, the Lessee shall be deemed to have hereby granted the Trustee a security interest in this Lease, the Units, and all accessions thereto, substitutions and replacements therefor, and proceeds (including insurance proceeds) thereof (but without power of sale), to secure the prompt payment and performance as and when due of all obligations and indebtedness of the Lessee under the Documents to the Trustee and all of the other parties to the Documents, now existing or hereafter created.

SECTION 30. ADDITIONAL REPRESENTATIONS, WARRANTIES
AND COVENANTS RELATING TO ENVIRONMENTAL LAW

30.1. Definitions. As used herein, the following terms shall have the following meanings:

(a) "Adverse Environmental Condition" shall mean (i) the existence or the continuation of the existence, of an Environmental Contamination (including, without limitation, a sudden or non-sudden accidental or non-accidental Environmental Contamination), of, or exposure to, any substance, chemical, material, pollutant, Hazardous Substance, odor or audible noise or other release or emission in, into or onto the environment (including without limitation, the air, ground, water or any surface) at, in, by, from or related to any Units, (ii) the environmental aspect of the transportation, storage, treatment or disposal of materials in connection with the operation of any Units, or (iii) the violation, or alleged violation, of any

Environmental Law, permits or licenses of, by or from any governmental authority, agency or court relating to environmental matters connected with any of the Units.

(b) "Affiliate" shall mean, with respect to any given Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

(c) "Environmental Claim" shall mean any accusation, allegation, notice of violation, claim, demand, abatement or other order or direction (conditional or otherwise) by any governmental authority or any Person for personal injury (including sickness, disease or death), tangible or intangible property damage, damage to the environment or other adverse effects on the environment, or the fines, penalties or restrictions, resulting from or based upon any Adverse Environmental Condition.

(d) "Environmental Contamination" shall mean any actual or threatened release, spill, emission, leaking, pumping, injection, presence, deposit, abandonment, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, or into or out of any of the Units, including, without limitation, the movement of any Hazardous Substance or other substance through or in the air, soil, surface water, groundwater or property.

(e) "Environmental Law" shall mean any present or future federal, foreign, state or local law, ordinance, order, rule or regulation and all judicial, administrative and regulatory decrees, judgments and orders, pertaining to health, industrial hygiene, the use, disposal or transportation of Hazardous Substances, Environmental Contamination, or pertaining to the protection of the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") (42 U.S.C. § 9601 et seq.), the Hazardous Material Transportation Act (49 U.S.C. § 1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 1361 et seq.), the Occupational Safety and Health Act (19 U.S.C. § 651 et seq.), and the Hazardous and Solid Waste Amendments (42 U.S.C. § 2601 et seq.), as these laws have been or may be amended or supplemented, and any successor thereto, and any analogous foreign, state or local statutes, and the rules, regulations and orders promulgated pursuant thereto.

(f) "Environmental Loss" shall mean any loss, cost, damage, liability, deficiency, fine, penalty or expense (including, without limitation, reasonable attorneys' fees, engineering and other professional or expert fees), investigation, removal, cleanup and remedial costs (voluntarily or involuntarily incurred) and damages to, loss of the use of or decrease in value of the Units arising out of or related to any Adverse environmental Condition.

(g) "Hazardous Substances" shall mean and include hazardous substances as defined in CERCLA; oil of any kind, petroleum products and their by-products, including, but not limited to, sludge or residue; asbestos containing materials; polychlorinated biphenyls; any and all other hazardous or toxic substances; hazardous waste, as defined in CERCLA; medical waste; infectious waste; those substances listed in the United States Department of Transportation Table (49 C.F.R. § 172.101); explosives; radioactive materials, and all other pollutants, contaminants and other substances regulated or controlled by the Environmental Laws and any other substance that requires special handling in its collection, storage, treatment or disposal under the Environmental Laws.

30.2. Representation, Warranties and Covenants. In addition to its other representations, warranties and covenants in this Lease and in the other Documents, the Lessee hereby represents, warrants and covenants that: (a) it has conducted, and will continue to conduct its business operations with respect to use of the Units, and throughout the term of this Lease will use the Units, so as to comply with all Environmental Laws; (b) the Lessee shall not cause, permit or suffer (i) any Hazardous Substances to be generated, treated, handled, stored, transported, discharged, emitted, released or otherwise disposed of in connection with Lessee's use of the Units; provided, that the Lessee may at all times during the term hereof continue to use the Units to transport coal in compliance with the applicable provisions of this Lease (including, without limitation, this Section 30) or (ii) any other activity with respect to the Units, in a manner that could result in the imposition of (A) liability under any Environmental Laws against the Lessee or any of the Beneficiaries or (B) a lien or other encumbrance against the Units or any interest therein or any other Environmental Claim or Environmental Loss with respect to any Beneficiary, the Units or any interest therein; and (c) Lessee has, and throughout the term of this Lease will continue to have, in full force and effect all federal, state and local licenses, permits, orders and approvals required to operate the Units in compliance with all Environmental Laws.

30.3. Return. In addition to any other return requirements provided in this Lease, the Lessee agrees that if required to return the Units or any item thereof to Trustee or Trustee's agents, Lessee shall return such Units free from all Hazardous Substances and otherwise fully in compliance with all Environmental Laws.

30.4. Indemnity. In addition to any other indemnity provided in this Lease or elsewhere, the Lessee shall fully and promptly pay, perform, discharge, defend, indemnify and hold harmless all of the Indemnified Persons, from and against any Environmental Claim or Environmental Loss resulting from acts or circumstances arising prior to the later of the expiration of the original and any renewal term of this Lease or the return of the Units in accordance with Section 14 or Section 17, whichever is then applicable.

30.5. Notice. In addition to any other notice requirements provided for in this Lease or elsewhere, Lessee agrees to provide the Trustee with written notice promptly after having actual knowledge (i) of any rescission of any license, permit, order or approval referenced in clause (c) of Section 30.2, and (ii) of any Unit becoming subject to, or causing or threatening to cause, any Environmental Contamination in violation of applicable law.

30.6. Survival. The provisions of this Section 30 shall survive any cancellation, expiration or termination of this Lease.

SECTION 31. SPECIAL PROVISIONS - CARSETS

The Units of railroad equipment subject to this Lease, as described in Appendix A hereto, include 10 carsets of fabricated car parts (hereinafter, the "Carsets"). The Carsets (and each component thereof, a "Component") shall be treated as Units for all purposes of this Lease, except that the following special provisions shall apply with respect thereto, notwithstanding any provision of this Lease to the contrary; provided, however, upon attachment in any manner of any Component to any non-Carset Unit, such Component shall at all times thereafter constitute a part of such Unit, unless subsequently removed and replaced in accordance with Section 11; and, if so removed and to the extent it remains in the condition required by Section 11, it shall then continue to constitute a Component for the purposes of this Section 31.

(a) Basic Rent. The total Basic Rent required to be paid pursuant to Section 3 hereof on each rent payment date shall be allocated between the Carsets and the other Units by multiplying the applicable percentage set forth in Appendix B hereto times

the respective prices of the Carsets and the other Units included in the aggregate Purchase Price (as defined in Section 4.1 of the CSA).

(b) Use and Maintenance. Lessee agrees to use each Carset only for the replacement of damaged or worn-out parts of the other Units subject to this Lease. In addition to the requirements of Section 11 hereof, the Lessee, at its own cost and expense, agrees to provide for the storage and safekeeping of the Carsets in the United States of America and shall maintain and store each Carset in good condition, free from damage, theft and corrosion, and in a manner consistent with accepted industry standards. Lessee agrees that it shall (i) store the Carsets at a premises owned, leased or licensed by it, (ii) take all appropriate actions to establish and preserve the Trustee's right to enter upon any such premises for the purpose of inspecting and/or removing such Carsets, or any Component, and (iii) provide the Trustee with notice of each storage location to which a Carset (or Components having an aggregate value in excess of \$25,000) shall be relocated, within five business days after each such relocation.

(c) Return. Upon expiration or earlier termination or cancellation of this Lease, if Lessee has not exercised its option to purchase the Carsets then subject to this Lease, the Carsets must be returned to one of the locations selected for the return, pursuant to Section 14 or 17 hereof (as applicable), of the other Units subject to this Lease. In any such case, the Carsets being returned shall be in the condition required by Section 31(b) hereof. In addition to such requirements, Lessee agrees to package and (to the extent practicable) label each such Component so that it may be safely transported, and, when removed from such packaging, utilized for its originally intended purposes. All manufacturer's manuals, bulletins and other documents and information delivered to Lessee in connection with such Carsets shall be included in any packaging together with the Component to which such data relates. In the event Lessee fails to return a Carset or any Component at the time and location and in the condition required by this Section 31(c), then with respect to such Carset or Component, as the case may be, unless such failure to return is the result of a Casualty Occurrence addressed in Section 31(e), the Trustee shall be entitled to exercise all of the same remedies with respect thereto, as it may be entitled to exercise with respect to Lessee's failure to return a Unit at the time and location and in the condition required by Section 14 or 17 hereof (as applicable).

(d) Subleasing. Notwithstanding the provisions of Section 15.2 to the contrary, Lessee may not assign, transfer or sublease any of its rights or interests in, or part with

possession or control of, or suffer or allow to pass out of its possession or control, any Carsets (or any Components), except with Trustee's prior written consent, or in connection with a sublease or assignment of any Units complying with the provisions of Section 15.2 and also containing provisions substantially the same as this Section 31.

(e) Casualty Occurrences. Lessee agrees that the insurance policies required hereunder shall cover and pertain to the Carsets and that the amount of property insurance relating thereto shall be no less than the pro rata portion of the aggregate Casualty Value of all of the Units (including all Carsets) attributable to such Carsets (the "Component Casualty Value"). Notwithstanding Section 7.1 hereof, no Carset shall be treated as suffering a Casualty Occurrence and Basic Rent for any Carset shall continue to accrue and be payable notwithstanding any theft, loss, destruction, or irreparable damage to such Carset; provided, however, in the event of a Casualty Occurrence with respect to any Carset during the period such Carset is required to be returned pursuant to Section 14 or 17 hereof and the 10 days prior thereto, the Lessee shall make payment of the Casualty Value with respect to such Carset to the Trustee on a date not later than 30 days after such Casualty Occurrence.

SECTION 32. INCORPORATION BY REFERENCE

The Lessee acknowledges and agrees that the Trustee's promises and other agreements contained in this Lease were made in consideration of, among other things, the Lessee's representations, warranties, promises and other agreements contained herein and in the other Documents, whether for the benefit of the Trustee or any of the other Beneficiaries, and in furtherance thereof, the Lessee hereby agrees that all of such representations, warranties, promises and other agreements of the Lessee contained in such other Documents are hereby incorporated herein by reference and made a part hereof.

SECTION 33. EFFECT AND MODIFICATION OF LEASE

Except for the Indemnity Agreement and the other Documents, this Lease exclusively and completely states the rights of the Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Trustee and the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

GEORGIA POWER COMPANY

By: Robert L. Boyer
Title: Vice President

Attest:

Susan M. Carter
Assistant Corporate Secretary
Title: _____

(Seal)

STATE STREET BANK AND TRUST COMPANY
OF CONNECTICUT, NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Trustee

By: [Signature]
Title: _____

RECEIPT

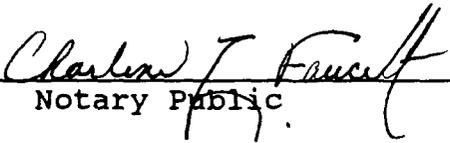
Receipt is hereby acknowledged of the within and foregoing sole original of this Lease as contemplated by and provided in Section 25 thereof.

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, as Trustee of a
Commingled Pension Trust

By: _____
Title: _____

STATE OF GEORGIA,)
) ss.:
COUNTY OF FULTON,)

On this 24th day of March, 1993, before me personally appeared Robert L. Boyer, to me personally known, who, being by me duly sworn, says that he is a Vice President of GEORGIA POWER COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission expires November 26, 1994

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this 23rd day of March, 1993, before me personally appeared Lese Amato, to me personally known, who, being by me duly sworn, says that he is Vice President of STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission expires

APPENDIX A to
LEASE OF RAILROAD EQUIPMENT

Units of Railroad Equipment

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>
116.5-Ton Aluminum Body, Steel Under- frame Coal Hopper Cars	HTS	346 Units	RWSX 93001- 93346
Carsets of Fabricated Car Parts	--	10 Carsets	--

APPENDIX B TO LEASE OF RAILROAD EQUIPMENT

Date	Number	Rent	Percentage Rent *
12/30/1993	1	550856.18	2.78920005
6/30/1994	2	847939.20	4.29344745
12/30/1994	3	546234.78	2.76500010
6/30/1995	4	852560.59	4.31684795
12/30/1995	5	534992.62	2.70887665
6/30/1996	6	863802.74	4.37377075
12/30/1996	7	522925.29	2.64777504
6/30/1997	8	875870.07	4.43487236
12/30/1997	9	509972.22	2.59218859
6/30/1998	10	888823.15	4.50045886
12/30/1998	11	496060.38	2.51178802
6/30/1999	12	902726.98	4.57085939
12/30/1999	13	481144.02	2.43622015
6/30/2000	14	917651.35	4.64642730
12/30/2000	15	465124.20	2.35510554
6/30/2001	16	933671.16	4.72754186
12/30/2001	17	447928.53	2.26803715
6/30/2002	18	950866.85	4.81461036
12/30/2002	19	429470.68	2.17457784
6/30/2003	20	969324.67	4.90806951
12/30/2003	21	409658.04	2.07425671
6/30/2004	22	989137.32	5.00838870
12/30/2004	23	389982.78	1.97463518
6/30/2005	24	1319654.89	6.68192828
12/30/2005	25	367042.42	1.85847917
6/30/2006	26	1342595.25	6.79888429
12/30/2006	27	345464.59	1.74922219
6/30/2007	28	1364173.08	6.90734127
12/30/2007	29	323008.13	1.63551636
6/30/2008	30	1386629.54	7.02104710
12/30/2008	31	299572.09	1.51685053
6/30/2009	32	1410065.58	7.13971293
12/30/2009	33	271481.64	1.37461761
6/30/2010	34	1438156.03	7.28194585
12/30/2010	35	233516.19	1.18218370
6/30/2011	36	1476121.44	7.47417956
12/30/2011	37	187912.58	.95147481
6/30/2012	38	1521725.06	7.70508850
12/30/2012	39	138961.67	.70361723
6/30/2013	40	1570675.98	7.95294613
12/30/2013	41	86417.74	.43756678
6/30/2014	42	1623219.88	8.21899643
12/30/2014	43	30017.11	.15198836
6/30/2015	44	1679620.56	8.50457511
Total		34192763.25	173.13131908

* Expressed as a percentage of the Purchase Price (as defined in the CSA).

**APPENDIX B TO
LEASE OF RAILROAD EQUIPMENT**

The assumptions referred to in Section 3.1(2) of the Lease are as follows:

1. The Transaction Expenses (as defined in Section 10 of the Participation Agreement) which the Owner is required to cause the Trustee to pay and to contribute to the Trustee will be \$129,300.
2. The Closing Dates (as defined in Section 4.2 of the CSA) will be March 25, 1993, March 29, 1993 and April 22, 1993, and the aggregate Purchase Price (as defined in Section 4.1 of the CSA) payable on such dates will be \$6,158,509.50, \$6,158,509.50 and \$7,432,592.70, respectively.

APPENDIX C TO LEASE OF RAILROAD EQUIPMENT

Date of Payment	Casualty Values*
30-Jun-93	105.31627426%
30-Dec-93	107.46477127%
30-Jun-94	107.91169777%
30-Dec-94	109.49307534%
30-Jun-95	109.25916620%
30-Dec-95	110.34502488%
30-Jun-96	109.58045104%
30-Dec-96	110.32022822%
30-Jun-97	109.14513543%
30-Dec-97	109.64881801%
30-Jun-98	108.13688949%
30-Dec-98	108.43214015%
30-Jun-99	106.56377410%
30-Dec-99	106.63699360%
30-Jun-2000	104.43311010%
30-Dec-2000	104.43311002%
30-Jun-2001	102.06067360%
30-Dec-2001	102.06067360%
30-Jun-2002	99.51478980%
30-Dec-2002	99.53194970%
30-Jun-2003	96.85430267%
30-Dec-2003	96.95823851%
30-Jun-2004	94.17365498%
30-Dec-2004	94.36570975%
30-Jun-2005	89.89488894%
30-Dec-2005	90.11349558%
30-Jun-2006	85.45543781%
30-Dec-2006	85.69731212%
30-Jun-2007	80.84820584%
30-Dec-2007	81.11593565%
30-Jun-2008	76.06907168%
30-Dec-2008	76.36543023%
30-Jun-2009	71.12109746%
30-Dec-2009	71.49359841%
30-Jun-2010	66.06456073%
30-Dec-2010	66.62593387%
30-Jun-2011	61.02626560%
30-Dec-2011	61.66959304%
30-Jun-2012	56.11176870%
30-Dec-2012	57.28313415%
30-Jun-2013	51.38284884%
30-Dec-2013	52.93512378%
30-Jun-2014	46.91222187%
30-Dec-2014	48.90525293%
30-Jun-2015	42.50000000%

* Expressed as a percentage of the Purchase Price (as defined in the CSA).

APPENDIX C TO LEASE OF RAILROAD EQUIPMENT

Date of Termin.	Termination Values*
30-Jun-98	108.13688949%
30-Dec-98	108.43214015%
30-Jun-99	106.56377410%
30-Dec-99	106.63699363%
30-Jun-2000	104.43311010%
30-Dec-2000	104.43311002%
30-Jun-2001	102.06067360%
30-Dec-2001	102.06067360%
30-Jun-2002	99.51478980%
30-Dec-2002	99.53194970%
30-Jun-2003	96.85430267%
30-Dec-2003	96.95823851%
30-Jun-2004	94.17365498%
30-Dec-2004	94.36570975%
30-Jun-2005	89.89488894%
30-Dec-2005	90.11349558%
30-Jun-2006	85.45543781%
30-Dec-2006	85.69731212%
30-Jun-2007	80.84820584%
30-Dec-2007	81.11593565%
30-Jun-2008	76.06907168%
30-Dec-2008	76.34543023%
30-Jun-2009	71.12109746%
30-Dec-2009	71.49359841%
30-Jun-2010	66.06456073%
30-Dec-2010	66.62593387%
30-Jun-2011	61.02626560%
30-Dec-2011	61.86959304%
30-Jun-2012	56.11176870%
30-Dec-2012	57.28313415%
30-Jun-2013	51.38284884%
30-Dec-2013	52.93512378%
30-Jun-2014	46.91222187%
30-Dec-2014	48.90525293%
30-Jun-2015	42.50000004%

* Expressed as a percentage of the Purchase Price (as defined in the CSA).

AFFIDAVIT

The undersigned, Thomas J. Hartland, Jr., counsel to Georgia Power Company, does hereby state that I have compared the attached copy of the Lease of Railroad Equipment dated as of March 1, 1993, between Georgia Power Company and State Street Bank and Trust Company of Connecticut, National Association, not in its individual capacity but solely as Trustee, with the original of such document, and have found the attached copy to be complete and identical in all respects to the original document.


Thomas J. Hartland, Jr.

March 24, 1993

Sworn to and subscribed before
me this 24th day of March, 1993.


Laurie C. Trout, Notary Public

My Commission Expires:

Notary Public, Douglas County, Georgia.
My Commission Expires November 17, 1995.

#3
copy