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RECORDATION NO 17255-A FILED 1425
MAR 14 1991 4 00 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO 17255-B FILED 1425
MAR 14 1991 4 00 PM
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RECORDATION NO 17255 FILED 1425
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RECORDATION NO 17255-C FILED 1425
MAR 14 1991 4 00 PM
INTERSTATE COMMERCE COMMISSION

March 14, 1991

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Room 2215
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one copy of each of the following documents, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code:

(1) Conditional Sale Agreement dated as of February 15, 1991, between Bethlehem Steel Corporation, as Builder or Vendor, and Security Pacific Equipment Leasing, Inc., as Owner. This document is a conditional sale agreement, a primary document.

(2) Agreement and Assignment dated as of February 15, 1991, between Bethlehem Steel Corporation, as Builder, and Provident National Assurance Company, as Investor and Assignee. This document is a secondary document; the primary document to which it is connected is document (1) above filed herewith.

(3) Lease of Railroad Equipment dated as of February 15, 1991, between Georgia Power Company, as Lessee, and Security Pacific Equipment Leasing, Inc., as Lessor. This document is a secondary document; the document to which it is connected is document (1) above filed herewith.

(4) Assignment of Lease and Agreement dated as of February 15, 1991, between Security Pacific Equipment Leasing, Inc., as Owner, and Provident National Assurance Company, as Investor, which includes the Consent and Agreement of Georgia Power Company, as Lessee. This document is a secondary document; the document to which it is connected is document (1) above filed herewith.

Counterparts Copies Original

The names and addresses of the parties to these documents are as follows:

(a) Owner and Lessor: Security Pacific Equipment Leasing, Inc.
Four Embarcadero Center
Suite 1200
San Francisco, California 94111

(b) Lessee: Georgia Power Company
333 Piedmont Avenue, N.E.
Atlanta, Georgia 30308

(c) Builder/Vendor: Bethlehem Steel Corporation
17 Johns Street
Johnstown, Pennsylvania 15907

(d) Investor/Assignee of the Vendor and Owner: Provident National Assurance Company
One Fountain Square
Chattanooga, Tennessee 37402

A description of the equipment covered by the documents filed herewith is as follows:

Type	AAR Mechanical Designation	Quantity	Lessee's Identification Numbers (Both Inclusive)
Bethlehem 107-Ton Aluminum Coal Hopper Cars	HTS	355 Units	GALX 91001-91355
Carsets of Fabricated Car Parts	---	15 Carsets	---

A fee of $60.00 is enclosed. Please return the originals and any extra copies not needed by the Commission for recordation to the individual submitting these documents or to the undersigned.

A short summary of each of the documents filed herewith (corresponding to the numbering thereof in the first paragraph of this transmittal letter) to appear in the index follows:

(1) Conditional Sale Agreement dated as of February 15, 1991, between Bethlehem Steel Corporation (17 Johns Street, Johnstown, Pennsylvania 15907), as Builder or Vendor, and Security Pacific Equipment Leasing, Inc. (Four Embarcadero Center, Suite 1200, San Francisco, California 94111), as Owner, covering 355 Bethlehem 107-Ton Aluminum Coal Hopper Cars (Lessee (Georgia Power Company) Identification Numbers GALX 91001-91355, both inclusive; AAR Mechanical Designation HTS) and 15 Additional Carsets of Fabricated Car Parts.

(2) Agreement and Assignment dated as of February 15, 1991, between Bethlehem Steel Corporation (17 Johns Street, Johnstown, Pennsylvania 15907), as Builder, and Provident National Assurance Company (One Fountain Square, Chattanooga, Tennessee 37402), as Investor and Assignee, assigning Builder's right, title and interest in and to the Conditional Sale Agreement dated as of February 15, 1991, between Builder and Security Pacific Equipment Leasing, Inc. (Four Embarcadero Center, Suite 1200, San Francisco, California 94111), covering 355 Bethlehem 107-Ton Aluminum Coal Hopper Cars (Lessee (Georgia Power Company) Identification Numbers GALX 91001-91355, both inclusive; AAR Mechanical Designation HTS) and 15 Additional Carsets of Fabricated Carparts.

(3) Lease of Railroad Equipment dated as of February 15, 1991, between Georgia Power Company (333 Piedmont Avenue, N.E., Atlanta, Georgia 30308), as Lessee, and Security Pacific Equipment Leasing, Inc. (Four Embarcadero Center, Suite 1200, San Francisco, California 94111), as Lessor, covering 355 Bethlehem 107-Ton Aluminum Coal Hopper Cars (Lessee Identification Numbers GALX 91001-91355, both inclusive; AAR Mechanical Designation HTS) and 15 Additional Carsets of Fabricated Carparts.

(4) Assignment of Lease and Agreement dated as of February 15, 1991, between Security Pacific Equipment Leasing, Inc. (Four Embarcadero Center, Suite 1200, San Francisco, California 94111), as Owner, and Provident National Assurance Company (One Fountain Square, Chattanooga, Tennessee 37402), as Investor and Assignee, assigning certain of Owners's rights, titles and interests under a Lease of Railroad Equipment dated as of February 15, 1991, between Owner and Georgia Power Company (333 Piedmont Avenue, N.E., Atlanta, Georgia 30308), as Lessee, covering 355 Bethlehem 107-Ton Aluminum Coal Hopper Cars (Lessee Identification Numbers GALX 91001-91355, both inclusive; AAR Mechanical Designation HTS) and 15 Additional Carsets of Fabricated Carparts.

Thank you very much for your assistance.

Very truly yours,

Thomas J. Hartland, Jr.,
Counsel to Georgia Power Company

TJHjr/bd
Enclosures

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RECORDATION NO. 17255-B FILED 1425
MAR 14 1991 -4 00 PM
INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of February 15, 1991

Between

GEORGIA POWER COMPANY,
as Lessee,

And

SECURITY PACIFIC EQUIPMENT LEASING, INC.,
as Lessor.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of Provident National Assurance Company. The original of this Lease is held by Provident National Assurance Company.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on March __, 1991, at _____ _.m., recordation number _____.

LEASE OF RAILROAD EQUIPMENT

TABLE OF CONTENTS*

	Page
PARTIES	L-1
PREAMBLES	L-1
SECTION 1. NET LEASE	L-2
SECTION 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-5
3.4. Instructions to Pay Investor and Lessor	L-6
SECTION 4. TERM OF LEASE	L-6
4.1. Beginning and Termination; Survival	L-6
4.2. Rights and Obligations of Lessee Subject to CSA	L-6
SECTION 5. IDENTIFICATION MARKS	L-7
5.1. Identifying Numbers; Legend; Changes	L-7
5.2. Insignia of Lessee	L-8
SECTION 6. TAXES	L-8
6.1. Indemnification for Nonincome Taxes	L-8
6.2. Claims, Contests; Refunds	L-10
6.3. Reports or Returns	L-12
6.4. Withholding	L-12
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-15
7.3. Payments After Expiration of Lease	L-15

*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.

7.4. Amount of Lessor's Casualty Value L-15
7.5. No Release L-16
7.6. Insurance To Be Maintained L-16
7.7. Insurance Proceeds and Condemnation Payments . . L-17
7.8. Application of Payments During Default L-18
7.9. Economic Obsolescence L-18

SECTION 8. REPORTS L-20

SECTION 9. DISCLAIMER OF WARRANTIES L-21

SECTION 10. LAWS AND RULES L-22

10.1. Compliance L-22
10.2. Reports by Lessor L-22

SECTION 11. MAINTENANCE L-22

11.1. Units in Good Operating Order L-22
11.2. Additions and Accessions L-23

SECTION 12. INDEMNIFICATION L-24

12.1. Indemnified Persons L-24
12.2. Survival L-26

SECTION 13. DEFAULT L-26

13.1. Events of Default; Remedies L-26
13.2. Remedies Not Exclusive; Waiver L-30
13.3. Failure To Exercise Rights Is Not Waiver . . . L-30
13.4. Notice of Event of Default L-30

SECTION 14. RETURN OF UNITS UPON DEFAULT L-31

14.1. Return of Units L-31
14.2. Lessor Appointed Agent of Lessee L-32

SECTION 15. ASSIGNMENT, POSSESSION AND USE L-32

15.1. Assignment; Consent L-32
15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units . . L-32
15.3. Merger, Acquisition or Consolidation L-33

SECTION 16. RENEWAL OPTIONS AND PURCHASE OPTIONS L-34

16.1. Definitions L-34
16.2. Renewal Options L-35
16.3. Purchase Options L-35

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM . . . L-36

SECTION 18. RECORDING L-37

SECTION 19. INTEREST ON OVERDUE RENTALS L-37

SECTION 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE . . . L-38

SECTION 21. NOTICES L-38

SECTION 22. SEVERABILITY L-38

SECTION 23. EFFECT AND MODIFICATION OF LEASE L-39

SECTION 24. THIRD PARTY BENEFICIARIES L-39

SECTION 25. EXECUTION L-39

SECTION 26. LAW GOVERNING L-39

SECTION 27. NO RECOURSE AGAINST CERTAIN PERSONS L-39

SECTION 28. TERM LESSOR L-40

SECTION 29. SPECIAL PROVISIONS -- CARSETS L-40

SECTION 30. OWNER FOR ALL PURPOSES L-41

TESTIMONIUM L-42

SIGNATURES L-42

ACKNOWLEDGMENTS L-43

APPENDIX A Units of Railroad Equipment
APPENDIX B Schedule of Rental Payments
APPENDIX C Schedule of Casualty Values and Termination Values
APPENDIX D Pricing Assumptions

LEASE OF RAILROAD EQUIPMENT dated as of February 15, 1991 between GEORGIA POWER COMPANY, a Georgia corporation ("Lessee"), and SECURITY PACIFIC EQUIPMENT LEASING, INC., a Delaware corporation ("Lessor").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Bethlehem Steel Corporation, a Delaware corporation ("Builder"), pursuant to which the Builder has agreed to manufacture, sell and deliver to the Lessor 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 Provident National Assurance Company, a Tennessee corporation ("Investor"), as the Investor under a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Lessee, the Lessor 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 Lessor 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 Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

SECTION 1. NET LEASE

The Lessor hereby agrees to lease to the Lessee hereunder, and the Lessee hereby agrees to lease from the Lessor hereunder, each Unit delivered to and accepted by the Lessee in accordance with Section 2 hereof, all in accordance with the terms hereof. This Lease is a net lease which is non-cancellable by the Lessee under any circumstances except pursuant to the provisions of Sections 7.9 and 16.3 of this Lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as specifically provided by Section 3.1(3) hereof or Section 12(b) of the Participation Agreement, 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 Lessor, the Builder or the Investor under this Lease or the CSA (including the Lessee's rights (if any) by subrogation thereunder to the Builder or the Investor) or under any other document or transaction or for any other cause whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss 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 rents 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 rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor or 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 Lessor or any other person for damages which arises out of, whether in whole or part, any breach

by the Lessor or such other person of any provision of this Lease or any agreement relating hereto, but no such action, judgment thereon or settlement thereof shall give rise to a setoff against the rent or other amounts due hereunder.

SECTION 2. DELIVERY

The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessor 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 Lessor. 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 Lessor under the CSA and on behalf of itself hereunder and execute and deliver to the Lessor 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 Lessor 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 Lessor 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". Each payment of Basic Rent prior to January 30, 2008 shall be for the prior semi-annual period ending on such Basic Rent payment date and shall accrue ratably over such period; each payment of Basic Rent made on or after January 30, 2008 shall be in advance for the semi-annual period commencing on such Basic Rent payment date. The Lessee also agrees to pay any Interim Rent required pursuant to Section 4.1(a) hereof. "Supplemental Rents" shall mean all amounts, liabilities and obligations (other than Basic Rent, Interim 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 Lessor or any other person entitled thereto including, without limitation, prepayment premiums, Casualty Values, Termination Values, 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 Lessor in respect of insurance required to be carried by Lessee under this Lease and damages for breach of any covenants, representations or warranties of the Lessee under any of its Documents.

(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 D 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 Lessor'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 Lessor 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 Lessor if such assumptions had proved to be correct; provided, that such adjustments shall comply with the provisions of Rev. Proc. 75-21, Rev. Proc. 75-28, Rev. Proc. 76-30, and Rev. Proc 79-48 and that such adjustments will not result in this Lease being treated as a "disqualified leaseback or long-term agreement" within the meaning of Section 467 of the Internal Revenue Code of 1986, as amended (the "Code"), or any regulations that may be promulgated thereunder or any other published or announced position of the Internal Revenue Service and shall otherwise comply with the applicable provisions of the Code or regulations as then in effect. In addition, if a Certificate of Acceptance for any Unit is delivered after July 30, 1991, the Basic Rents shall be recalculated in accordance with the preceding provisions of this Section 3.1(2) and in addition as provided in Appendix D hereto and the related Casualty Values and Termination Values applicable to such Unit shall be calculated as provided in Appendix D hereto and attached to Appendix C hereto. The calculations pursuant to the foregoing provisions shall be made by the Lessor, and the Lessor 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 Lessor 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 Lessor and the Lessee may agree) to determine compliance by the Lessor with the foregoing terms, and the determinations made pursuant to such review shall be conclusive and binding on the Lessor and the Lessee with respect to any disagreement they may have concerning any such

calculations. 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 is lower in terms of the present value (calculated at a discount rate equal to 10.11%) of the payments of Basic Rent (expressed as a percentage of the aggregate Purchase Price (as defined in Section 4.1 of the CSA)) by 20 basis points or more than the adjustment set out in the calculations provided by the Lessor, the cost of such review shall be borne by the Lessor.

(3) 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 rentals (or such Casualty Values and Termination Values), on the dates due hereunder, amounts determined pursuant to the calculations provided by the Lessor; 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). The Lessee shall in no event, however, be permitted to offset such overpayments against any amounts due to the Investor under the Lease Assignment.

(4) Anything in the foregoing provisions of this Section 3.1 to the contrary notwithstanding, the aggregate of the Basic Rents and Interim Rent, and the amount of the Casualty Value or Termination Value, as the case may be, hereunder shall not be less than amounts which are sufficient to satisfy the obligations of the Lessor under the CSA to pay when due (determined without regard to any acceleration thereof) the CSA Indebtedness and the prepayment premium (if any) and all interest thereon.

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 San Francisco, California 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 Lessor. Until the Investor notifies the Lessee that the CSA is no longer in effect, the Lessor irrevocably instructs the Lessee to make all the payments due the Lessor provided for in this Lease (other than Excluded Payments and Rights as defined in the Lease Assignment) in accordance with the provisions of Section 1 of the Lease Assignment.

SECTION 4. TERM OF LEASE

4.1. Beginning and Termination; Survival.

(a) The interim term of this Lease (the "Interim Term") as to each Unit shall begin on the date of delivery of a Certificate of Acceptance pursuant to Section 2 hereof in respect of such Unit and continue thereafter until July 30, 1991, in the case of Units for which a Certificate of Acceptance is delivered on or before July 30, 1991, and until January 30, 1992, in the case of Units for which a Certificate of Acceptance is delivered after July 30, 1991 and on or prior to September 30, 1991. No rent shall accrue for the Interim Term with respect to Units for which a Certificate of Acceptance is delivered on or before July 30, 1991, but in the event that Units and Certificates of Acceptance are delivered pursuant to the terms hereof after July 30, 1991, rent for each day in the Interim Term in respect of such Units ("Interim Rent") shall accrue at the average daily equivalent of the Basic Rent payable over the Basic Term in respect of such Units (as such rent is adjusted pursuant to Section 3.1(2) hereof) and shall be payable on January 30, 1992.

(b) The Basic Term for all Units for which a Certificate of Acceptance is delivered on or before July 30, 1991, shall commence on July 30, 1991 and continue thereafter until July 30, 2013, and the Basic Term for all Units for which a Certificate of Acceptance is delivered after July 30, 1991 shall commence on January 30, 1992 and continue thereafter until July 30, 2013, subject to the provisions of Sections 7, 13 and 16 hereof.

(c) All agreements, representations and warranties of Lessee contained in this Lease, any appendix or schedule hereto, or in any assignment hereof or consent thereto by the Lessee shall survive the termination or expiration of this Lease and remain enforceable thereafter in accordance with their terms and conditions.

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 Lessor 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 hereunder shall not have occurred and be continuing, it will not interfere in the Lessee's quiet enjoyment or possession of any Unit and agrees that the Lessee shall not be deprived of its right of quiet enjoyment and possession of any Unit as a result of any act of, or claim against, the Lessor.

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 Lessor, with appropriate changes thereof and additions thereto as from time to time may be designated in writing by the Lessor as required by law in order to protect the Lessor's and the Investor's title to and interest in such Unit and the rights of the Lessor 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 (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Investor and the Lessor 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 and (ii) the Lessee shall have furnished the Investor and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Investor's and the Lessor'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 Lessor 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, association or corporation 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 Lessor 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 Lessor (which, for purposes of this Section 6, shall include the consolidated or combined group of which Lessor is a member for Federal, state or local tax purposes) and the Investor and their respective affiliates, successors, assigns, directors, officers, employees, agents and servants ("Indemnified Persons") harmless on an After-Tax Basis (as defined in Section 12.1 hereof) from, all taxes (including, without limitation, sales, personal property, transfer, fuel, leasing, use, registration, occupational, and excise 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 Lessor, 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, use, rental, property or ad valorem taxes) based or imposed on, or measured by, the net income 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 if the Indemnified Person is treated as so engaged by reason of the leasing of Units located therein or the activities or presence of Lessee, or the making of payments by Lessee from such jurisdiction); 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 except to the extent such taxes relate to the location or use of the Units in such foreign jurisdiction or presence of the Lessee in such jurisdiction; (ii) Taxes on any items of tax preference or any minimum tax of such Indemnified Person; (iii) any Taxes imposed on an Indemnified Person as a direct result of a voluntary or involuntary transfer or other disposition by such Indemnified Person (other than in connection with 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 and other than in connection with the exercise of any purchase option by the Lessee or as a result of the act or omission of the Lessee) or any transfer or disposition by such Indemnified Person resulting from bankruptcy or other proceedings for the relief of debtors in which such Indemnified Person 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 but only to the extent such Taxes are attributable to such unrelated activities; (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 (other than in the nature of sales, use, rental, property or ad valorem 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) Taxes which are imposed with respect to the Units for any period occurring after the termination of this Lease and the return of the Units to the Lessor in accordance herewith and payment of all amounts required to be paid hereunder; (ix) Taxes which are gross income or gross receipts Taxes, unless such Taxes are imposed by reason of the

use, location, or presence of the Units in, or the presence or activities of the Lessee in, or the making of payments from, the jurisdiction imposing such Taxes or such Taxes are in the nature of sales, use, property, ad valorem, value added or rental taxes; and (x) with respect to the Lessor but not the Investor, Taxes for which the Lessee is obligated to indemnify the Lessor 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, and subject to the conditions of, Section 6.2 hereof. The Lessee will be responsible for making timely remittances of all Taxes indemnified against hereunder to the appropriate governmental unit, and will file timely with each appropriate governmental unit, all returns, statements and reports legally required with respect thereto. In the event the Lessee is not itself permitted by law or practice to remit the Taxes directly to the governmental unit, the applicable Indemnified Person shall remit to the governmental unit any such Taxes and Lessee shall reimburse such Indemnified Person for such Taxes together with interest thereon at the rate borne by the CSA Indebtedness from the time of such payment to the time of such reimbursement.

The Lessee shall, whenever reasonably requested by the Indemnified Person, submit to the applicable Indemnified Person copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to such Indemnified Person, of the Lessee's performance of its duties under this Section 6. The Lessee shall also furnish promptly upon request such data as the Indemnified Person reasonably may require to permit such Indemnified Person's compliance with the requirements of any taxing jurisdiction.

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; provided that the failure of such Indemnified Person to give such notice shall not release the Lessee from any indemnification obligation under this Section 6 unless the Lessee shall be materially and adversely affected thereby. 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. Any contest permitted pursuant to the preceding sentence shall be controlled by the Lessee unless the contest is brought in the name of the Indemnified Person or affects other non indemnified taxes of the Indemnified Person, in which case the Indemnified Person shall control the contest; provided, however, that, in the case of taxes the contest of which is to be controlled by the Indemnified Person, the Indemnified Person shall consult with and take such actions reasonably requested by the Lessee in connection with such contest and provided such actions do not otherwise adversely affect the Indemnified Person; and provided, further, that, with respect to Taxes for which the Lessee is obligated to indemnify the Investor, the Lessee may commence or continue any such contest with respect to Taxes that the Investor has determined not to contest in accordance with this Section 6.2 only upon making reasonably adequate provision to ensure that funds will be subsequently available for the payment of such Taxes if such contest shall be unsuccessful. In no event shall the Lessee have any responsibility in connection with the settlement or other compromise of any claim effected without its prior written consent. 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 Lessor or the Investor in any such proceeding or action) unless (i) in the reasonable opinion of the Lessor or the Investor, such contest or the nonpayment of the Taxes would not materially and adversely affect the title, property or rights of the Lessor 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 Lessor and the Investor, (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 and (iii) the Indemnified Person has received an opinion of counsel selected by it that there exists a "reasonable basis" to contest such Taxes. The Lessee agrees to give the Lessor 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, but shall not otherwise be required to provide access to or copies of its books and records. If the Lessor or the Investor 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, the Lessor or the Investor, as the case may be,

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 an event which with notice or lapse of time or both would constitute an Event of 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 the Lessor or the Investor 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, 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 Lessor and the Investor in the Units as shall be satisfactory to the Lessor and the Investor or, where not so permitted, will notify the Lessor and the Investor of such requirement and will prepare and deliver such reports to the Lessor 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 Basic Rent, Interim Rent and Supplemental Rent paid by the Lessee hereunder and all amounts required to be paid to the Investor by the Lessor (whether or not paid by the Lessee on the Lessor's behalf) 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 Lessor (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 in writing the Indemnified Person with respect to which such tax was withheld from payments to such person 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, such 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 Overdue Rate 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 termination of this Lease. Payments due from the Lessee to the Lessor 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. In the event that any Unit shall be or become lost, stolen, destroyed or, in the Lessee's good faith opinion, irreparably damaged from any cause whatsoever 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, or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the lesser of five years and the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof ("Casualty Occurrence"), the Lessee shall within 15 days after it shall have reasonably determined that such Unit has suffered a Casualty Occurrence notify the Lessor and the Investor with respect thereto. On the semiannual rental payment date next succeeding the delivery of such notice (said such date being hereinafter called a "Casualty Payment Date"), the Lessee shall pay to the Lessor an amount equal to the rental 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 Lessor on a date not later than 30 days after delivery of notice thereof. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, 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.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity (collectively "Government") and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition

shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the original or any renewal term of this Lease, in which event the Lessee shall promptly and fully notify the Lessor with respect thereto and pay the Lessor an amount equal to the Lessor's Casualty Value of such Unit as of the end of such term. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value and any balance of such payments shall be the property of the Lessor. 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 Casualty Value, then the Lessee shall dispose of such Unit as agent for the Lessor and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value plus the expenses of the disposition, and the balance of such proceeds shall be promptly paid to the Lessor. 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 Casualty Value, such Unit shall be returned by the Lessee to the Lessor 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 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, 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 Lessor that the Lessee will transfer to the Lessor for lease hereunder other aluminum equipment which is, in the reasonable opinion of the Lessor, similar to the Casualty Unit ("Substitute Equipment") with a Fair Market Sale Value (as defined in Section 16.1 hereof) at least equal to the Fair Market Sale Value of such Casualty Unit and with a coal carrying capacity substantially the same as, and a remaining useful life and utility at least equal to, that of such Casualty Unit and (ii) prior to the Casualty Payment Date (a) the Lessee shall have transferred to the Lessor, by bill of sale free of all liens, claims and other encumbrances, 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 Lessor 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 and (c) the Lessee shall have furnished the Lessor an opinion of counsel (reasonably satisfactory to the Lessor) 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 and (y) such supplement to this Lease and the CSA have been so duly filed, recorded and deposited; provided that the Lessor shall have received an opinion of its tax counsel in form and substance acceptable to the Lessor that the Lessor shall not suffer any adverse tax consequences as a result of such Casualty Occurrence and substitution; or the Lessee shall have, in lieu thereof, agreed to indemnify the Lessor for any adverse tax consequences resulting from the substitution or replacement. The Purchase Price of the Substitute Equipment shall be deemed to be the same as the Purchase Price of the Casualty Unit.

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 Lessor 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 other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received at any time by the Lessor 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 Lessor, 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, but the Lessee shall pay interest in respect of such Unit from the end of such term to the date of payment at the rate of 10.11% per annum.

7.4. Amount of Lessor's Casualty Value. The "Lessor's Casualty Value" of each Unit as of the Lessor's 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, but in no event shall such amount be less than the "Casualty Value" payable by the Lessor to the Investor on such date pursuant to Article 7 of the CSA. The "Lessor's Casualty Value" with respect to any Unit required to be returned pursuant to Section 14 or 17 hereof

shall be the amount set forth in Appendix C hereto opposite the semiannual rental payment date next preceding the date on which such payment is required to be made pursuant to Section 7.1 hereof.

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 termination of this Lease or return of the Units pursuant to Section 14 hereof, whichever shall be later.

7.6. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, 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 (subject to the limitations of the next sentence) 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, it being understood that the Lessee may self-insure, on a per-occurrence basis, up to $5,000,000 in the aggregate in respect of the public liability insurance and property insurance (such self-insurance amount to be revised not more than annually by the Lessee with the approval of the Lessor and the Investor, which approval shall not be unreasonably withheld, based upon industry standards at the time). The Lessee may self insure as provided above so long as there has not been any material adverse change in its financial condition since the date hereof, as reasonably determined by the Lessor; commencing not more than 30 days after receipt by the Lessee of written notice from the Lessor of such a change and so long as such change shall continue, such self-insurance amount shall not exceed $1,000,000. The proceeds of any property insurance shall be payable to the Investor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (x) require 30 days' prior notice of cancellation or material change in coverage to the Lessor and the Investor and (y) name the Lessor and the Investor as additional named insureds and loss payees as their respective interests may appear and in the event such policies shall contain breach of warranty provisions such policies shall provide that in respect of the interests of the Lessor and the Investor in such

policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor and the Investor, respectively) and shall insure the Lessor and the Investor 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 the Lessor or the Investor, respectively). 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 Lessor 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 maintain insurance as herein provided, the Lessor may at its option, upon 5 business days' prior written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest from the date of payment thereof, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in Section 19 hereof.

(3) The Lessor 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 Lessor shall be retained by the Lessor without reducing or otherwise affecting the Lessee's obligations hereunder.

7.7. Insurance Proceeds and Condemnation Payments. If the Lessor or Lessee shall receive (directly or from the Investor) any insurance proceeds under insurance required to be maintained by the Lessee hereunder or condemnation or other payments from whatever source in respect of Units suffering a Casualty Occurrence, the Lessor shall use such proceeds or condemnation or other payments to reimburse the Lessee for its payment of Casualty Value to the Lessor (to the extent the Lessee shall have already paid such Casualty Value), and the balance, if any, of such proceeds or condemnation or other 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 Lessor), the Lessor and the Lessee as

their respective interests may appear; provided, however, that no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Lessor. All insurance proceeds received by the Lessor (directly or from the Investor) under 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 Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of 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 other event which with the giving of notice or the lapse of time or both would become such an Event of 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 Lessor, as security for the obligations of the Lessee under this Lease and at such time as any such Event of Default (or other event which with the giving of notice or the lapse of time or both would become such an Event of Default) is not continuing, such amount, unless theretofore otherwise applied in exercise of the Lessor's remedies hereunder, shall be paid to the Lessee.

7.9. Economic Obsolescence. (1) The Lessee shall have the right, at its option and on at least 120 days' prior written notice to the Lessor, to terminate ("Termination") this Lease as to all (but not less than 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 July 30, 1996, (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 other event which after the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing, (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 Lessor shall have paid 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.

(2) If the Lessee shall exercise its option to terminate under Section 7.9(1), the Lessor may, by written notice to the Lessee given within 60 days after the termination notice is given to the Lessor, 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 Lessor an amount equal to the rental payment due on the Termination Date and any other amounts due and payable hereunder on or before the Termination Date, and (b) the Lessor 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 Lessor 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 Lessor 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 Lessor 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 Lessor shall certify the same information to the Lessee with respect to any bids received by the Lessor. The Lessor also may, but shall not be obligated to, submit its own bid. If any bid (in addition to any such bid submitted by the Lessor or any person affiliated with the Lessor) for all the Units is received during the first 90 days after the receipt of the Lessee's notice, the highest 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. On the Termination Date (a) the Lessee shall pay to the Lessor (i) an amount equal to the rental payment due on the Termination Date and any other amounts due and payable hereunder on or before the Termination Date and (ii) the excess, if any, of the Termination Value for such Units computed as of such date, plus the applicable premium (if any) then payable on the CSA Indebtedness pursuant to Section 7.2 of the CSA, over (A) the net sales proceeds of such Units, after the deduction of all expenses (including taxes other than income taxes) incurred in connection with such sale, or (B) if the Lessor shall have submitted the highest bid, the amount of such bid, and (b) the Lessor 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 Lessor 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 Lessor derived from the Builder, free and clear of all liens, security interests and other encumbrances arising through the Lessor excepting those created hereby or by the CSA or the CSA Assignment. The Lessor will request the Investor to comply with clauses (a) and (b) of Section 5.2 of the CSA.

(4) If no sale shall occur pursuant to Section 7.9(3), this Lease shall continue in full force and effect without change as if the notice of Termination had never been given (unless the Lessor shall have submitted the highest bid in accordance with said Section) and, in such event, the Lessee shall not be entitled to again give notice of Termination with respect to a Termination Date to occur less than one year after the Termination Date specified in the prior notice.

(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 Casualty Value (as defined in Section 7.4 of the CSA) as of such date.

SECTION 8. REPORTS

On or before April 30 in each year, commencing with the calendar year 1992, a responsible officer (as defined in Section 13.4 hereof) of the Lessee or an affiliate of the Lessee will furnish to the Lessor 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 Lessor 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 Lessor and the Investor shall each have the right (but not any obligation), at its sole cost and expense, by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Investor may request during the continuance of this Lease.

SECTION 9. DISCLAIMER OF WARRANTIES

THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF NOR AS TO COMPLIANCE WITH SPECIFICATIONS, 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, NOR 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, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease (and so long as no Event of Default shall have occurred and be continuing hereunder) to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's cost and expense, whatever rights and claims the Lessor may have against the Builder or any other person including, but not limited to, any rights and claims arising under the provisions of the CSA. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any 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 Lessor 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 Lessor or the Investor based on any of the foregoing matters; <u>provided, however</u>, 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 Lessor and the Investor). The foregoing notwithstanding and subject to Section 1 hereof, the Lessor hereby represents and warrants to the Lessee that upon delivery to it of any Unit the Lessor shall have received whatever title was conveyed to it by the Builder and that on the 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 resulting from claims against the Lessor excepting those created hereby or by the CSA or the CSA Assignment.

SECTION 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Lessor and the Investor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation, possession or use of the Units or are necessary to comply with health, safety or environmental standards, and in the event that such laws or rules 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 law or rule in any reasonable manner if (i) in the reasonable opinion of the Lessor and the Investor, such contest will not materially and adversely affect the property or rights of the Lessor 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 Lessor and the Investor.

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

SECTION 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee, at its own expense and risk, shall throughout the term of this Lease maintain and repair the Units at least in accordance with the standards of maintenance and repair for similar railcars operating on the lines of Class I Railroads and in the manner and in the same condition as Lessee would, in the prudent management of its own business, maintain and repair similar equipment owned by it at such time, and so that such Units will remain (i) in as good operating condition as when delivered (ordinary wear and tear excepted), (ii) in compliance with the provisions of Section 10.1 hereof and (iii) eligible under all manufacturer's

warranties, if any. The Lessee agrees that it will not discriminate against any Unit (as compared to other similar equipment owned by Lessee) with respect to its use, operation or maintenance, whether in contemplation of the expiration or termination of this Lease or otherwise. The Units shall be used exclusively in the hauling of coal.

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 value 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 removable without material damage to such Unit or materially and adversely affecting the value such Unit would have had without such equipment.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit or materially and adversely affecting the value which such Unit would have had without such part, addition or replacement, 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 in order to enable such Unit to comply with Section 10.1 hereof, shall 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 Lessor.

(3) If a Unit is to be returned to the Lessor pursuant to any provisions of this Lease, the Lessee shall, at the Lessor's written request, advise Lessor 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. Lessor 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 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 shall be limited as provided in Section 6 hereof) 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) (herein collectively called "Liabilities") in any way relating to or arising, or alleged to arise, out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, inspection prior to acceptance, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, maintenance, storage, return or other disposition of any Unit or portion thereof, (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, inspection prior to acceptance, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, replacement, adaptation, operation, condition, sale, maintenance, storage, return or other disposition of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Lessor, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof, (vi) any violation of any provision of this Lease 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) any claim arising out of any of the Lessor's or the Investor's obligations under the Lease Assignment or the Investor's retention of a security interest under the CSA and the CSA Assignment or the Lease Assignment (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 Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person or resulting from acts or circumstances arising after the expiration of the original or any renewal term of this Lease (provided the Units are returned in accordance with the terms hereof) or arising from a breach by

such Indemnified Person of the rights of use and possession of the Lessee under Section 15 hereof or resulting from a transfer of any interest of the Lessor in the Units or in this Lease (unless such transfer arises as a result of (a) any Event of Default hereunder or (b) any exercise of the Lessee's right to terminate this Lease pursuant to Section 7.9), or resulting from any violation of any Federal or state securities or "blue sky" laws by such Indemnified Person, or resulting from the breach in any material respect by such Indemnified Person of any material representation, warranty or covenant in any of its Documents, or Transaction Expenses to the extent the Lessee is not required to pay the same pursuant to the Participation Agreement, 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 (provided that the failure of such Indemnified Person to give such notice shall not release the Lessee from any indemnification obligation under this Section 12.1 unless the Lessee shall be materially and adversely affected thereby) and the Lessee may and, upon such Indemnified Person's 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 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; provided that the Lessee shall not be entitled to assume control of any such action, suit or proceeding so long as an Event of Default (or other event which after the lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing. In no event shall the Lessee have any responsibility in connection with the settlement or other compromise of any Indemnified Matter effected without its prior written consent. In the event the Lessee is required to make any payment under this Section 12, 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 (such gross-up being called "After-Tax Basis"). The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. 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 other event which with lapse of time or notice or both would constitute an Event of 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 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 provided for in Section 3, 7 or 16 hereof, and such default shall continue for five 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;

(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 or in the Indemnity Agreement or the Participation Agreement and such default shall continue for 30 days after the first to occur of (i) a corporate officer of the Lessee, who in the normal performance of his operational responsibilities would have knowledge of the requirements of this Lease, having obtained knowledge of such default or (ii) written notice from the Lessor 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 30 days after such corporate officer obtains knowledge thereof or such written notice, as the case may be, shall not constitute an Event of Default if (a) such default is capable of being cured but cannot be cured within 30 days, (b) the Lessee is diligently pursuing the cure of such default, (c) such default does not impair in any material respect the Lessor's interest in the Units or the security interest of the Investor created pursuant to the CSA and (d) such default is cured within 120 days of the expiration of the initial 30 day cure period;

(E) any representation or warranty made by the Lessee herein, in the Participation Agreement or in any certificate or statement furnished in writing to the Lessor 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 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 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;

(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 or under the Indemnity Agreement 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; or

(H) the assignee, transferee, merged or consolidated entity shall not receive an investment grade rating from Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Corporation ("Standard & Poor's") or other nationally recognized rating agency within ninety (90) days of a transfer or assignment of the Lessee's leasehold interest or any other change in possession of the Units permitted pursuant to the provisions of Section 15.3 hereof;

then, in any such case, the Lessor, 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; and/or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable under this Lease as provided in Section 4.1 hereof; and/or

(c) by its agents 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/or

(d) recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period); and/or

(e) by written notice to the Lessee specifying a payment date not earlier than 10 nor later than 100 days from the date of such notice, require the Lessee to pay to the Lessor, and the Lessee hereby agrees that it will pay to the Lessor on the payment date specified in such notice and in lieu of any further rent payments hereunder with respect to any Unit, all rent for such Unit payable on each payment date occurring on (if rent is then being paid in arrears) or before the payment date specified in such notice, plus any Supplemental Rent then due, plus an amount equal to the Casualty Value for such Unit computed as of the payment date immediately preceding the payment date specified in such notice (or as of such payment date if such payment date is a payment date), together with interest on such amount at the Overdue Rate for the period, if any, from the payment date as of which such Casualty Value shall be computed to and including the date of actual payment; provided, however, that if the Lessee shall have made the foregoing payments in full, the Lessor shall thereafter pay over to the Lessee, as and when from time to time received, the net proceeds of any sale, lease or other disposition of such Unit (after deducting all costs and expenses whatsoever incurred by the Lessor and the Investor in connection therewith and all other amounts which may become payable to the Lessor and the Investor with respect thereto) up to the amount of such Casualty Value actually paid.

In addition to any other remedies provided herein or otherwise available to the Lessor at law or equity, the Lessee shall pay to the Lessor and to any assignee of the Lessor'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 Lessor'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 Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any 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. The Lessee further waives to the fullest extent permitted by law, whether now or hereafter in effect, any requirement of notice, protest or demand which is not expressly required by the terms of this Lease.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Lessor 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 Event of Default. The Lessee also agrees to furnish the Lessor and the Investor promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 13.4 and Section 8 hereof, 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 or an affiliate 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 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 Lessor. Each Unit so delivered shall be in the condition required by Section 11.1 hereof, shall meet 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 and shall have attached or affixed thereto any parts or additions 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 Lessor 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 by the Lessor; and

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

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 Lessor 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 Lessor 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 Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

14.2. Lessor 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 Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, 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.

SECTION 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole by the Lessor to any successor Lessor which may be appointed pursuant to and in accordance with the CSA. 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. Without the prior written consent of the Lessor and the Investor, the Lessee shall not assign or transfer its leasehold interest under this Lease in any of the Units or sublease any of the Units, except as provided in paragraph (2) of this Section 15.2; and the Lessee shall not, without the prior written consent of the Lessor and the Investor, 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. The Lessee, at its own expense, will promptly pay or discharge any lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Investor or resulting from claims against the Lessor or the Investor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests of the Lessor and the Investor) which may be imposed during the term hereof upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, 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 the failure to discharge the same does not materially and adversely affect the title, property or rights of the Lessor or the Investor under the Documents. Notwithstanding the delivery of the Units to and the possession and use of the Units by the Lessee, the parties acknowledge and agree that a security interest in the Units has been retained by the Builder pursuant to the terms of the CSA and assigned to the Investor pursuant to the terms of the CSA Assignment, and nothing in this Lease shall be construed to constitute a transfer of title to the Lessee, such title at all times to be retained by the Lessor subject to such security interest.

(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 to sublease any of the Units to any person or entity (it being understood that, notwithstanding any sublease in accordance with the terms hereof, the Lessee shall remain liable for performance of its obligations hereunder); provided, however, that the Lessee shall not permit the use of any Unit outside the United States of America.

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 (i) such assignee or transferee shall have a net worth upon such effectiveness of not less than that of the Lessee immediately prior thereto; (ii) such assignee, transferee or other entity shall have a rating of at least Baa3 (or the then equivalent) from Moody's or BBB - (or the then equivalent) from Standard & Poor's (or equivalent rating from any other nationally recognized rating agency)(an "investment grade rating") immediately prior to such merger, acquisition or consolidation; and (iii) within ninety (90) days of such merger, acquisition or consolidation,

the transferee, assignee or merged or consolidated entity shall have received an investment grade rating from Moody's, Standard & Poor's or other nationally recognized rating agency.

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 Lessor setting forth Lessee's proposal for the rental or purchase price, the Lessee will provide Lessor the name of an appraiser that would be satisfactory to Lessee and the Lessor 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 Lessor are unable to agree upon a single appraiser within 15 days, the Lessor will retain an appraiser within 15 days and the appraiser set forth in Lessee's written notice and the appraiser retained by the Lessor 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 Lessor, except that the Lessee shall bear the cost of the appraiser named in Lessee's notice and the Lessor shall bear the cost of the appraiser selected by the Lessor. 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 Lessor shall bear the cost of the appraiser selected by the Lessor, and the Lessee and Lessor shall equally share the cost of the consensus appraiser.

"Basic Term" shall mean the period commencing on the date or dates set forth in Section 4.1(b) hereof and continuing until July 30, 2013.

"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, as such Unit exists on the applicable date, including any Improvements made thereto by the Lessor.

16.2. Renewal Options. Unless an Event of Default (or other event which after the lapse of time or notice or both would become 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 or any portion of the Units then subject to this Lease for one or more periods in any combination of whole years totaling not more than eight years. Such written notice shall be given to the Lessor not less than 180 days nor more than 270 days prior to the end of the then current term of this Lease. The rental payable during each extended term shall be payable in advance semiannually on January 30 and July 30 in each year of such extended term and shall be in an amount equal to the Fair Market Rental Value which, if the Lessor 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' nor more than 270 days' prior written notice of Lessee's election to purchase all of the Units then subject to this Lease (i) on July 30, 2001 or July 30, 2006, at a purchase price equal to the greater of the Fair Market Sale Value or the Termination Value of such Units on such date or (ii) 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, together with all other amounts due hereunder and the applicable prepayment premium (if any) required by Section 4.7 of the CSA.

(b) Lessee shall pay the applicable aforesaid purchase price to the Lessor on the applicable purchase date whereupon the Lessor 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 attributable to Lessor or the Investor to the Lessee by bill of sale reasonably satisfactory to the Lessee and this Lease shall terminate with respect to the Units so purchased. The Lessor will request the Investor to comply with clauses (a) and (b) of Section 5.2 of the CSA.

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of the Basic Term or any 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, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessor may reasonably designate in writing at least 90 days prior to such expiration (but in no event at more than six locations), or, in the absence of such designation, as the Lessee may select, and permit the Lessor 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. At least 10% of the Units subject to this Lease shall be delivered to each such location before any of the Units delivered to such location are considered returned for the purposes of this Section 17. The Lessee shall not be obligated to move any such Unit more than once at the request of the Lessor. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such 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 Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 17 shall (i) be in the condition required by Section 11.1 hereof, (ii) meet the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any part or addition considered an accession thereto as provided in Section 11.2(2) hereof. In no event shall the Lessee be required to make any additions, modifications or improvements which would not be required if the Lessee continued to operate the Units. During any such storage period the Lessee shall 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. 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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the 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 Lessor, for each day thereafter as liquidated damages, and not as a penalty, for the failure of the Lessee to return the Unit to the Lessor at the expiration of this Lease as required by the provisions of this Section 17, an amount equal to the daily equivalent of the existing rental for such Unit at the time of such expiration, for each such day. The provision for such payment shall not be in abrogation of the Lessor'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

The Lessee will 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 and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all continuation statements and further instruments reasonably requested in writing by the Lessor or the Investor for the purpose of proper protection, to their satisfaction, of the Investor's and the Lessor'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 the Lessee will promptly furnish to the Investor and the Lessor 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 of rentals and other obligations due hereunder shall result 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 rentals and other obligations for the period of time during which they are overdue, or such lesser amount as may be legally enforceable. Such interest shall be due and payable notwithstanding the

payment of any delinquent rentals within the applicable cure period, if any, permitted therefor.

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

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may (but shall not be obligated to do so) upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor 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. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor 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 deemed to have been 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 mail, telex, telecopy or similar transmission, or by hand, addressed as follows:

(a) if to the Lessor, at Four Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Contract Administration - Leveraged.

(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: Corporate Finance Department,

or addressed to any party at such other address 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. EFFECT AND MODIFICATION OF LEASE

Except for the Indemnity Agreement and the Lease Assignment, this Lease exclusively and completely states the rights of the Lessor 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 Lessor and the Lessee and, except as otherwise permitted by the Lease Assignment and so long as the CSA Indebtedness is outstanding, the Investor shall have consented thereto in writing.

SECTION 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Investor and the permitted successors and assigns of a party) 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 the Investor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. The counterpart delivered to the Investor shall be marked "Original" and all other counterparts shall be marked "Duplicate - See Section 25." Although for convenience this Lease is dated 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 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 LESSOR

Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any permitted assignee of the Lessor (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. SPECIAL PROVISIONS -- CARSETS

The Units of railroad equipment subject to this Lease, as described in Appendix A hereto, include 15 carsets of fabricated car parts (hereinafter, the "Carsets"). The Carsets 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.

(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 10.1 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.

(c) Return. Upon expiration 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 hereof, of the other Units subject to this Lease. In any such case, the Carsets being returned shall be in the condition required by Section 29(b) hereof.

(d) Subleasing. Notwithstanding the requirements of Section 15.2 hereof, in the event that the Lessee is entitled to sublease any Units subject to this Lease, the Lessee may also sublease the Carsets, provided, however, that the Lessee shall remain liable for performance of its obligations hereunder, and shall comply with Section 15.2 including the prohibition against the use or location of any of the Carsets outside of the United States of America, and the prohibition against use of Carsets except for replacement of damaged or worn-out parts of the other Units subject to this Lease.

(e) Casualty Occurrences. 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.

SECTION 30. OWNER FOR ALL PURPOSES

It is hereby acknowledged and agreed by the Lessee that the Lessor will be the owner of the Units leased hereunder for all purposes, including federal income tax purposes (except that the Lessor will not be treated as the owner of the Carsets for federal income tax purposes), and the Lessee will be the lessee thereof for all such purposes.

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:_____

Title:_____

Attest:

_____

Title:_____

(Seal)

SECURITY PACIFIC EQUIPMENT LEASING, INC.

By:_____

Title:_____

Attest:

_____

Title:_____

(Seal)

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

On this ____ day of March, 1991, before me personally appeared _____ 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

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO)

On this ___ day of March, 1991, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is _____ of SECURITY PACIFIC EQUIPMENT LEASING, INC., 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

APPENDIX A to
LEASE OF RAILROAD EQUIPMENT

Units of Railroad Equipment

Type	AAR Mechanical Designation	Quantity	Lessee's Identification Numbers (Both Inclusive)
107-Ton Aluminum Coal Hopper Cars	HTS	355 Units	GALX 91001-91355
Carsets of Fabricated Car Parts	---	15 Carsets	---

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APPENDIX B
TO LEASE OF
RAILROAD EQUIPMENT

RENTAL PAYMENT DATE	BASIC RENT*
7/30/1991	0.00000000
1/30/1992	3.96718148
7/30/1992	4.85192578
1/30/1993	3.92245766
7/30/1993	4.89664960
1/30/1994	3.87321226
7/30/1994	4.94589500
1/30/1995	3.81898814
7/30/1995	5.00011911
1/30/1996	3.75928197
7/30/1996	5.05982529
1/30/1997	3.69353951
7/30/1997	5.12556775
1/30/1998	3.62115048
7/30/1998	5.19795678
1/30/1999	3.54144292
7/30/1999	5.27766434
1/30/2000	3.45367693
7/30/2000	5.36543033
1/30/2001	3.35703780
7/30/2001	5.46206946
1/30/2002	3.25062844
7/30/2002	5.56847881
1/30/2003	3.13346111
7/30/2003	7.64544776
1/30/2004	2.90538018
7/30/2004	7.87352869
1/30/2005	2.74247032
7/30/2005	8.03643855
1/30/2006	2.58650339
7/30/2006	8.19240548
1/30/2007	2.41465187
7/30/2007	8.36425700
1/30/2008	10.77890887
7/30/2008	1.78356022
1/30/2009	8.99534865
7/30/2009	1.55284335
1/30/2010	9.22606552
7/30/2010	1.16496197
1/30/2011	9.61394690
7/30/2011	0.73786579
1/30/2012	10.04104308
7/30/2012	5.56116434
1/30/2013	5.21774453

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

APPENDIX C
TO LEASE OF
RAILROAD EQUIPMENT

DATE	CASUALTY AND TERMINATION VALUES*
30 JAN 1992	106.64979689
30 JUL 1992	107.40825384
30 JAN 1993	108.77474067
30 JUL 1993	108.90128954
30 JAN 1994	109.82386123
30 JUL 1994	109.48085487
30 JAN 1995	110.08725874
30 JUL 1995	109.37111498
30 JAN 1996	109.75361226
30 JUL 1996	108.71939498
30 JAN 1997	108.89317738
30 JUL 1997	107.50967164
30 JAN 1998	107.47966280
30 JUL 1998	105.81830500
30 JAN 1999	105.71670779
30 JUL 1999	103.85240953
30 JAN 2000	103.74158112
30 JUL 2000	101.71499093
30 JAN 2001	101.61748780
30 JUL 2001	99.41191238
30 JAN 2002	99.33186465
30 JUL 2002	96.93206638
30 JAN 2003	96.87417345
30 JUL 2003	92.31188334
30 JAN 2004	92.32165057
30 JUL 2004	87.38734063
30 JAN 2005	87.37985280
30 JUL 2005	82.12713385
30 JAN 2006	82.10926860
30 JUL 2006	76.54636551
30 JAN 2007	76.53120241
30 JUL 2007	70.62678588
30 JAN 2008	72.83425877
30 JUL 2008	64.03410903
30 JAN 2009	64.33573461
30 JUL 2009	57.10968184
30 JAN 2010	57.45687594
30 JUL 2010	49.93697927
30 JAN 2011	50.59721958
30 JUL 2011	42.61161269
30 JAN 2012	43.64865395
30 JUL 2012	35.18223023
30 JAN 2013	31.23514118
30 JUL 2013	27.00000000

*Expressed as percentages of the Purchase Price (as defined in the CSA). These Values do not include any accrued rental, and Termination Values do not include any prepayment premium payable on the CSA Indebtedness as provided in Section 4.7 of the CSA.

With respect to any Unit delivered after July 30, 1991, the applicable Casualty and Termination Values will be calculated in accordance with Section 3.1(2) and attached hereto.

APPENDIX D
TO LEASE OF
RAILROAD EQUIPMENT

PRICING ASSUMPTIONS

DELIVERIES:

DATE	UNITS	PURCHASE PRICE
March 8, 1991	75 Railcars (@55,200/ea)	$ 4,140,000
March 19, 1991	75 Railcars (@55,200/ea)	4,140,000
April 2, 1991	75 Railcars (@55,200/ea)	4,140,000
April 2, 1991	15 Carsets (@15,695/ea)	235,425
April 10, 1991	75 Railcars (@55,200/ea)	4,140,000
May 30, 1991	55 Railcars (@54,900/ea)	3,019,500

BASIC TERM COMMENCEMENT DATE:

(1) July 30, 1991 for Units delivered on or before July 30, 1991.

(2) January 30, 1992 for Units delivered after July 30, 1991 and before September 30, 1991.

LEASE TERM:

(1) 22 years for Units commencing July 30, 1991.

(2) 21.5 years for Units commencing January 30, 1992.

TRANSACTION EXPENSES: .90586% of Purchase Price

RECORDATION NO. 17255-B FILED 1425

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INTERSTATE COMMERCE COMMISSION

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 February 15, 1991, between Georgia Power Company and Security Pacific Equipment Leasing, Inc., with the original of such document, and have found the attached copy to be complete and identical in all respects to the original document.

March 14, 1991

Thomas J. Hartland, Jr.

Sworn to and subscribed before me this 14th day of March, 1991.

Notary Public

My Commission Expires:
Notary Public, Clayton County, Georgia
My Commission Expires September 19, 1994

INDEXING METHODOLOGY:

For Unit deliveries after July 30, 1991, Owner's economic yield will fluctuate in direct proportion to a cost of funds index consisting of the following components:

(1) 50% of Security Pacific National Bank's then applicable prime rate, plus

(2) 50% of the Federal Reserve Statistical Release [H-15(519)] selected interest rates for 7 Year Treasury Constant Maturities.

For the purposes of this index, the relevant rates in effect on November 1, 1990 are:

SPNB prime:	10%
7-Year Treasury Constant Maturities:	8.42%

Therefore, the rate in effect on November 1, 1990 is calculated as follows:

10%	X	.50	=	5.00%
8.42%	X	.50	=	4.21%
Rate =				9.21%

These rates will be compared to the relevant rates in effect the last day of the month prior to funding.

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